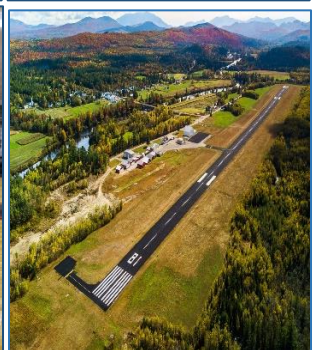
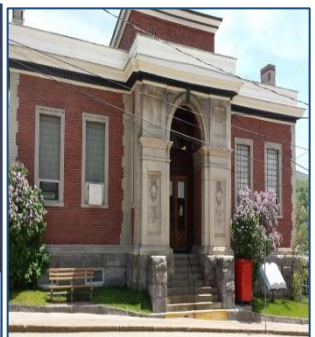


# City Of Berlin, NH Annual Report

Fiscal Year July 1, 2020 to June 30, 2021



## TABLE OF CONTENTS

	<u>Page Number</u>
Table of Contents	2
City Council	3
City Manager's Report	4-5
Assessing Department Report	6-7
City Clerk's Report	8
Planning and Community Development	9
Health and Welfare	10-11
Public Schools	12-15
Recreation Department	16
Public Library	17-19
Fire Department	20-22
Police Department	23-24
Public Works & Recreation Maintenance	25-27
Waste Water Treatment Report	28-29
Berlin Water Works	30-32
Finance/Tax Collector	33-35
Berlin Regional Airport	36
<b>FINANCIAL STATEMENTS</b>	<b>37</b>
<b>Table of Contents</b>	
<b>Basic Financial Statements</b>	<b>1-45</b>
<b>Required Supplementary Information</b>	<b>46-53</b>
<b>Federal Compliance</b>	<b>54-65</b>
<b>Supplemental Schedules</b>	<b>66-72</b>

Photo credits to: Eric P. Demers, DragonFly Aerials LLC

# Berlin City Council

Fiscal Year July 1, 2020 to June 30, 2021

## Mayor

Paul Grenier

## Councilors:

Russell Otis

Lucie Remillard

Mark Eastman

Denise Morgan

Michael Rozek

Peter Higbee

Diana Berthiaume

Roland Théberge

## INTERIM CITY MANAGER'S REPORT

The Burgess BioPower biomass plant continues to operate efficiently while providing 25 direct jobs and supporting many more indirect jobs and services.

Jericho Wind Power continues to operate its 5-tower wind farm. The 2.85 mega-watt towers are online and are producing power to the grid.

Smith Hydro, with a 15 MW capacity, is owned by Hull St. Energy and operated by Central Rivers Power, LLC. The plant employs 5 people locally.

Brookfield Renewable operates three hydroelectric facilities in the City; Sawmill – 3.2 MW, Riverside – 7.9 MW and Cross – 3.2 MW. Brookfield employs 12 staff including an administrative assistant, operations manager, planner, project manager and multiple technicians.

Capone Iron Corporation expanded their fabrication space and has added a total of 27 jobs with plans to hire an additional employees.

The Gorham Paper Mill continues to operate and improve product lines and actively seek employees. They continue to operate with approximately 115 employees.

The Federal Corrections Institutions current staffing is approximately 246 employees. They continue to actively recruit additional staff.

Androscoggin Valley Hospital continues to develop its association with the other two North Country hospitals in order to improve the quality of services while decreasing costs. AVH currently employs 335 individuals.

The Berlin Industrial Development Park Authority's (BIDPA) mission is to promote the development and preservation of business and industry to serve the City of Berlin. BIDPA has sold a 215-acre parcel that is situated immediately north of the current industrial park. This enterprise is expected to create 80 jobs.

Recorded residential property sales in FY21 continued to show an increase in sale prices, particularly in multi-unit properties. This has been welcome news and the City attributes this growth to efforts focused on reducing over supply and increasing demand through growth activities like ATV recreation.

The City continued planning and design work on a Riverwalk project to be constructed along the Androscoggin on Upper Main St. The City has obtained grant funding for the Riverwalk and will begin construction in late summer 2022. The features of the project are designed to support the operations of the festivals and activities that occur in this area, such as the RiverFire event which attracts several thousand visitors each year.

The State of New Hampshire is continuing the development of its multi-use Jericho Mountain State Park. Included in this development is 300 acres around Jericho Lake that the City donated to the State. The park is a large regional attraction and also attracts visitors from across the country and internationally. The park has a campground with campsites, cabins, and tent sites. There are also a few RV sites. The campground connects to the 75 miles of OHRV trails at the park and serves as the gateway to the 1,000 miles of trails in Coos County known as Ride the Wilds. The park also has a day-use area with a beach for swimming, pavilion, and boat launch. The City ordinance which allows OHRV traffic on all City streets continues to be successful. The OHRV

friendly atmosphere has also led to the sale of residential properties in the City as second homes. The City is an active partner in the extremely popular, annual Jericho ATV/OHRV Festival. Each year, the event continues to break attendance records. .

With the marked multi-year upswing in property sale prices and robust overall sale activity continuing over last year, it is evident that the investments in housing stock, ATV recreation and more traditional employment are now having a significant impact on the economy. The City needs to stay the course in its transformation. The biggest threat continues to be reduced state education aid and a variety of legislative proposals which will hurt the current economic status. Being vigilant in addressing these threats will be important for future economic health.

Finally, the City, like the Country and the world, was introduced to COVID-19 and the impact of responding to the pandemic. Remedial actions were implemented and the City's and region's agencies came together to share information and organize response measures in a way that had never been done before. The use of remote meeting through use of technology was widely used throughout all sectors including to conduct public meetings. The City was able to adopt new ways of operating in very little time. We would like to thank ALL City Staff for their continued commitment and work ethic through a difficult and unsettling time.

Respectfully Submitted,  
Pamela E Laflamme  
Interim City Manager

## Assessing Department

Fiscal Year 2021 was a busy and productive one in the Assessing Department. In the past year we have continued to see the real estate values appreciate by as much as 25%. The sales have been and continue to be reviewed. The 2021 equalized ratio will be established from this study using the qualified/open market sales. The ratio compares assessed values and sale prices as a means to establish that all properties are proportionally assessed. The equalization ratio affects the basis for distribution of county taxes, scholastic aid, and other forms of financial assistance to communities in New Hampshire. The 2020 median ratio for Berlin was 98.2, indicating that the general level of assessment was 98.2% of market value.

Corcoran Consulting Associates, Inc., of Wolfeboro Falls, has continued the cyclical inspections of all parcels and other Assessor functions in which they are contracted for until 2025. George Sansoucy PE LLCT is contracted to perform our utility assessments. There were 72 abatement applications for the 2020 assessments which were reviewed by our contracted Assessors who then submitted recommendations to the City Council for approval or denial. The high count of applications was due to the 2020 Statistical Update.

Every five years municipalities undergo an assessment review by the New Hampshire Department of Revenue Administration. A State representative examines the City procedures and

spot checks property record cards, exemption forms and veteran tax credits that have been granted, tax exempt properties, yield tax, excavation tax, and current use files. The City of Berlin was due for this review in 2020 but due to the disruption of COVID they were only able to complete the review during 2021.

The assessing office uses VISION 8 software for tracking assessment data. CGIS Mapping of Marion, MA continues to update the City's tax maps to reflect changes, such as mergers and subdivisions, that occurred in the prior tax year. These maps are used by City staff and the public as it is available on the City's website, at [www.berlinnh.gov](http://www.berlinnh.gov). PeopleGIS of Woburn, MA continues to supply the city with self-managed database forms and our web-based mapping system.

The Board of Land and Tax Appeals case concerning the City of Berlin and the Board of Assessors, Docket No 29285-19OS has been resolved. After much deliberation, the three Board of Assessors members have resigned. The duties once held by the Board of Assessors are now being handled by the Berlin City Council.

Respectfully Submitted,

Lise Barrette  
Assessing Coordinator

## Assessing Department Statistics

### SUMMARY INVENTORY OF TAXABLE PROPERTY - APRIL 1, 2020 & APRIL 1, 2021

	APRIL 1, 2020	APRIL 1, 2021
Land	\$60,953,086	\$60,930,848
Building	\$272,412,227	\$271,069,817
Public Utilities	\$147,349,200	\$149,739,000
<b>GROSS VALUATION</b>	<b>\$480,714,513</b>	<b>\$481,739,665</b>
Blind Exemptions	\$105,000	\$90,000
Elderly Exemptions	\$1,911,000	\$1,281,000
Imp. To Assist Persons w/Disabilities	\$40,990	\$40,990
Water/Air Poll. Cont. Exemption	\$650,000	\$650,000
<b>TOTAL EXEMPTIONS</b>	<b>\$2,706,990</b>	<b>\$2,061,990</b>
<b>NET VALUATION W/UTILITIES</b>	<b>\$478,007,523</b>	<b>\$479,677,675</b>

### EXEMPTIONS GRANTED

TYPE	AS OF APRIL 1, 2020		AS OF APRIL 1, 2021	
	#	<u>Tax</u> Amount	#	<u>Tax</u> Amount
Elderly	59	\$68,662	39	\$46,808
Blind	7	\$3,773	6	\$3,289
Imp. To Assist Persons w/Disabilities	3	\$1,473	3	\$1,498
Water/Air Pollution Control	1	\$23,355		\$23,751
Veterans	383	72,300	325	\$61,875

#### 2021 Tax Rates (per thousand):

Municipal	\$14.61
Local Education	\$15.20
County	\$ 4.77
<u>State Education</u>	<u>\$ 1.96</u>
<b>Total Tax Rate:</b>	<b>\$36.54</b>

\*Utility valuations are not taxed locally for the state education portion of the tax rate.

CITY CLERK'S DEPARTMENT

**Elections**

The City Clerk is responsible for the general conduct of elections. The following election statistics were recorded this year:

**State Primary:**

September 8, 2020 – 28.3% Total City Votes

**State General:**

November 3, 2020 – 69% Total City Votes

The following Ordinances and Resolutions which govern City Policy were passed:

**Ordinances**

**2020**

2020-04 Amending Renewable Energy Facilities

2020-05 Amending Commercial Solar

2020-06R1 Face Coverings Required

**Resolutions**

**2020**

2020-14 \$10,000 CARES Grant Library

2020-15 \$30,000 CARES Berlin Airport

2020-16 Construction Loan Financing

2020-17 P&S \$40,000 Kateryna Demers

2020-18 NH Empowering Youth Grant \$2,850 Learn to Bowl

2020-19 NH Empowering Youth Grant \$2,750 Bring the FUN

2020-20 NH Empowering Youth Grant \$2443.75 Weekend Workout

2020-21 Capital Carryover Appropriations for FY20 to FY21

2020-22 Hazard Mitigation Grant

2020-23 PD Scholarship

2020-24 Election Expenses Grant

2020-25 DERA PWD Equipment Grant

2020-26 SCBA Standardization

2020-27 Face Coverings

2020-28 CDBG Grant North Woods Learning

**2021**

2021-01 Re-appropriating Capital for Loader

2021-02 Airport Grant

2021-03 City Cemetery Fees

2021-04 Revised Airport Grant

2021-05 CDBG Housing Plan

2021-06 Byrne JAG Grant

2021-07 F&G OHRV Patrols

2021-08 NH Highway Safety Grants

2021-09 Homeland Security ILO Grant

2021-11 NHDOT TAP Hutchins Street

2021-12 USDA RBDG Broadband

2021-13R Night Vision 2022

2021-14 Library Summer Learning Grant

2021-15 BDP Distracted Driving Patrols

2021-16R Adopting FY2022 Budget

2021-17 Re-appropriating Funds for Mason St Bridge

The following Licenses were issued by the City Clerk's Department from 7/1/2020 – 6/30/2021

**Dog Licenses: 1,133**

**Vital Records**

The following vital statistics were recorded:

YEARS	2018/19	2019/20	2020/21
Marriage	23	8	23
Birth	86	66	51
Death	143	132	146

Respectfully submitted,  
Shelli Fortin  
Berlin City Clerk



## **PLANNING & COMMUNITY DEVELOPMENT DEPARTMENT**

As we finished up a year of putting together plans and strategies, there was a lot of ideas that were quickly placed on the back burner as we all adjusted to life in the midst of a pandemic. Both Planning Board and the Berlin Industrial Development and Park Authority (BIDPA) worked to pivot and shift priorities and still hard at work focusing on the City's future. Everyone shifted to online and outdoor meetings to keep things moving ahead. BIDPA is working with consultants to look for leads in the hotel & lodging industry to attract a development to the City and the Planning Board is still hearing applications from those who wish to develop here in the community.

The Planning Board is reviewing several projects around the City are in active development and there continues to be increased interest in the area around Jericho Mountain State Park. We have been working on review of zoning regulations that are in need of updating in response to what we are seeing as trends in the community related to seasonal and outdoor recreation. The board is working to create paths that make it easier to for development as a response to the work done with both the Community Profile and Economic Development & Marketing Strategy work.

BIDPA continues to work with North Country Growers to help them acquire property north of the current Industrial Park for the development and construction of industrial scale greenhouses to grow lettuce and tomatoes year-round. The board is following other projects, including hotel & lodging development, and continues to be engaged and support community and economic development efforts throughout the City.

Any citizen wishing to participate can come forward to volunteer for one of the many boards in the community. The Planning Department is home to the Planning Board, Zoning Board of Adjustment, and the Berlin Industrial Development and Park Authority.

All three boards encourage citizen involvement and welcome the community to participate or observe during their meetings. Visit the City's website and Facebook page regularly for information about our meetings, the City's Master Plan, Zoning Ordinance or other Planning & Zoning documents.

Respectfully submitted,  
*Pamela E Laflamme*  
Community Development Director

<http://www.berlinnh.gov/planning-department>

<http://www.facebook.com/BerlinNewHampshire>

Zoning/Code Enforcement Officer: Michel Salek

Planning Board Chair: Thomas McCue

Zoning Board of Adjustment Chair: Dana Hoyt

Berlin Industrial Development and Park  
Authority Chair: Michael Caron

## Health & Welfare Department

City health officers are charged to enforce regulations for the prevention and removal of public health nuisances. They may make other regulations relating to public and environmental health, as in their judgment are necessary to protect public health and safety. City ordinances may not be more lenient than a state statute. Such local regulations must be approved by the governing body, recorded by the city clerk, and published in a local newspaper, or have copies of the regulation posted in two or more public places within the town. A public health nuisance is one that has the potential to affect the health and safety of others if not addressed.

In order to carry out the required aspects of this role it is necessary to inspect properties when complaints are made. Relevant laws include RSA 128:5-a regarding investigation of sanitary conditions and entry onto private property without the consent of the owner (RSA 128:5-a). In addition, RSA 147:14(a), allows a health officer to enter "any land" to inspect a private septic system. Every possible effort is made to gain the permission of the property owner before entering private property. The authority to enter private property without the consent of the owner for the investigation of sanitary conditions does not include the right to enter into the home located on the property. In order to conduct an inspection in a person's home without the owner's consent, a health officer must obtain an Administrative Inspection Warrant from the court. This is done only when a health officer knows or has cause to suspect that any nuisance or other conditions injurious to the public health are in any building, vessel or enclosure. Pursuant to RSA 595-B, an inspection warrant is a written court order that allows a health officer to conduct any inspection, testing or sampling required or specifically authorized by state law or administrative rule, or municipal ordinance, code or regulation. If an inspection finds that the building is dangerous to public health and safety it can be posted as a dangerous building and a notice to vacate issued. If this is done, a plan will be asked of the owner to remedy the issues. This past year the city engaged in responding to complaints about health and safety issues in the community as is the standard. This led to several properties being

condemned as inhabitable. Some properties were demolished by their owners. Other properties were brought to compliance as required.

If the issue is not a building but the condition of the property itself, the health Officer will issue a notice stating what needs to be removed under the state law,

administrative rules or municipal ordinances in order for the property to come into compliance. If the owner does not comply in either case the city can take further action by having the necessary work done and placing liens against the property.

Complaints are often received from tenants about no heat, mold, leaking roofs. Equally common are complaints from landlords about tenants not providing care for pets (cleaning up after them), removing garbage, cooperating with extermination efforts. Complaints come into the office about debris in neighbor's yards, unregistered cars, broken sewer lines, hoarding situations, dog waste, infestations. All are complaints that are investigated routinely and with care as each person is treated with empathy and respect.

Berlin is one of several self-inspecting City in New Hampshire for Food licensing. The Health Officer inspects all restaurants, Cafeterias, catering businesses, etc. This is done several times a year on a random basis as well as yearly for licensing. The Health Officer investigates all complaints that come in for any food establishment.

The office handles day care inspections, school health inspections, USDA Kitchen inspections for the schools, and concerns about communicable disease.

The Health Officer also manages the properties that the city has taken for tax deeds.

The last year, with COVID-19, there were many new challenges for the entire community. The office had much work with education on what current mandates were requiring of businesses and the public at large, answering public inquires on safety during COVID, answering questions from businesses on how to protect their employees and complaints about non-compliance.

The state of NH COVID-19 dashboard can be found at for the latest information and guidance on testing, vaccinations, statistics, and guidance on isolation/quarantine:

<https://www.covid19.nh.gov>

Information can also be found at:

<https://www.cdc.gov/coronavirus>

The City Welfare Department provides general assistance to those who are found eligible for assistance under New Hampshire RSA 165. Case management is provided to those eligible for assistance and to those who do not qualify for various reasons in an effort to assist in other ways. People are referred to all programs for which they are likely to be eligible in an attempt to access long term help in an effort to provide relief or free up money in their budget so they can better pay other basic needs. People are found to be in need when they are poor and unable to support themselves. This is defined by when someone lacks the resources to provide themselves with the basic requirements of life in our society such as food, rent, heat and electricity. People are found eligible when basic needs are more than their income and assets. One must qualify for general assistance in order to receive a voucher. Cash is never given, per state law. Vouchers are issued to the vender and payments are sent directly.

In most circumstance assistance is issued on a weekly bases so people can provide the city with proof of income, proof they applied to the programs that will help in the long term, receipts for payment of their portion of basic needs as directed to pay by the Administrator, completed job search if they are not working or only working part-time, and to give time to complete work program hours (temporarily suspended during COVID). Many of the people served are the working poor. Those whose income is under \$15 an hour and typically do not have paid vacation time, benefits or have little in the way of paid sick time. If the car breaks down and their choice is to fix it or lose their job they often choose fixing the car over paying electric. This puts them behind in a way they rarely catch up. If they work seasonally and things slow down and hours are cut they are impacted. It can take four to six weeks to receive unemployment. Most are living paycheck to paycheck before hours are cut back or layoffs happen and cannot survive four to six weeks without income as there are no resources to fall back on. When someone finds themselves in a situation where their household makeup suddenly changes for the unexpected. These are the times individuals come to apply.

The City has seen an increase in individuals who are homeless for various reasons as well. Many through no fault of their own. Buildings are often being sold and tenants being evicted. People with mental health issues are often being evicted because they are not willing or able to seek/accept help from agencies that can help them with budgeting or with becoming caught up with rent. More and more often we are seeing elderly individuals being evicted. The issue of homelessness has become emergent. Apartments are no longer readily available in our community. There are wait lists months long. The cost

for rents has increased beyond what many can afford, beyond what HUD allows. The shelters throughout the state are full almost all the time. The motels and hotels that will allow us to use vouchers to place people with them are often full do to tourism. The situation is similar throughout the state.

Below are the details of this General Assistance provided by the City of Berlin for fiscal year July 1, 2020 to June 30, 2021.

Type of Assistance	Number of Vouchers Issued	Amount	Average of the Assistance
Cremation	5	\$3,750	\$750
Electric	9	\$1,046.25	\$116.25
Food	32	\$3,236.70	\$103.37
Other	12	\$3,947.83	328.99
Personal/household need	29	\$384.50	\$13.26
Rent 25	25	\$12,199.99	\$487.99
Homelessness & no shelter space in state)	14	\$2,971.28	\$212.23
<b>Totals</b>	<b>126</b>	<b>\$27,639.56</b>	<b>\$219.36</b>

Total cases receiving assistance last fiscal year was 31 (18 one-person households, 13 multi-person households) There were 126 Vouchers issued totaling \$27,639.56. The average cost of assisted cases was \$891.59, with an average monthly cost equaling \$2,303.29. The greatest demand for assistance came during the months where the COVID-19 ban on evictions and utility shut offs were lifted. During the periods the bans were in place and when they were renewed the demand dropped. People also were, it seemed, using their stimulus checks to offset expenses in some cases. There were over 178 interviews during the fiscal year. Many individuals sought assistance through other programs made available specifically because of the pandemic.

Respectfully Submitted,

Angela Martin-Giroux

Administrator of Welfare & Health Officer



## **Berlin Public Schools** **2020-2021 Annual Report**

The Berlin Public Schools operated the 2020-21 school year under a hybrid model due to the ongoing COVID pandemic. A remote pathway was offered to families in an effort to both accommodate those with high-risk family members and to also reduce the number of students in the building so that the recommended physical distancing could be obtained. This model was attained by decreasing the number of days in the building for the onsite learners at the middle and high school levels to allow time for the teachers to also teach the remote learners. At the elementary level, onsite learners were in the building 5 days per week but the day was shortened, allowing teachers to work in the afternoons with remote learners. During a spike of COVID cases in the community in October, school went entirely remote for 2 weeks. This happened again from Thanksgiving through the first of the new year. In April of 2021, Governor Sununu ordered all students back to school 5 days per week unless they chose otherwise so a more traditional schedule was then put into place. School breakfasts and lunches were

delivered each day to remote learners via school buses. Masks were worn by all in the buildings, on buses and while playing sports. Plexiglass barriers were utilized on student desks at BES and on the cafeteria tables at BMHS. The custodial staff and bus drivers had a regular routine of cleaning and disinfecting surfaces throughout the day and after each bus run. Our nursing staff and administrators were challenged with contact tracing for all positive cases and tracking quarantines and isolations. Substitutes were in short supply. With many staff out due to symptoms, staff was stretched thin covering classes and duties in order to keep schools operating. The COVID vaccine was approved for use in January 2021. The Superintendent and custodial staff worked with other community leaders to reopen Brown School as a community vaccination site and a clinic was held for school staff on March 12, 2021. The year posed great challenges to our staff, students and families but the cooperative spirit of our community allowed us to get through this difficult time.

Below are statistics and program highlights.

### Demographics

- FY 21 operating budget: \$19,276,007

#### Opening Enrollment - September 2020

School	K	1	2	3	4	5	6	7	8	9	10	11	12	Total
<b>BES-E</b>														
Onsite	66	55	52											
Remote	18	22	27											<b>240</b>
<b>BES-W</b>														
Onsite				63	63	51								
Remote				20	16	27								<b>240</b>
<b>Middle</b>														
Onsite							55	74	60					
Remote							18	26	16					<b>249</b>
<b>High</b>														
Onsite										89	63	76	70	
Remote										29	29	14	18	<b>388</b>
<b>Totals</b>	<b>84</b>	<b>77</b>	<b>79</b>	<b>83</b>	<b>79</b>	<b>78</b>	<b>73</b>	<b>100</b>	<b>76</b>	<b>118</b>	<b>92</b>	<b>90</b>	<b>88</b>	<b>1117</b>
Total does not include 128 homestudy students; 2 Charter School students for FY21														

- The district employs 220 staff
- Free & Reduced Lunch Rate (an indicator of poverty): 48% Note: A federal free lunch for all waiver led to difficulties in accurately calculating this figure since not all families submitted an application for F&R lunch.
- Students identified with disabilities: 23%
- Number of students identified as homeless on Oct 1: 7

### Instruction & Assessment

- The district continued along the pathway of moving to a competency-based education with performance tasks as part of the assessment system. Instructional Team Leaders were instituted district-wide with a summer 2020 training held by the Marzano company. The ITL lead Professional Learning Communities that focus on curriculum, assessment and instruction. The ITL also serve as mentors for new teachers.
- Berlin Elementary School operates under a Response to Instruction (RtI) model (a multi-tiered system of

support) where all students receive Tier 1 instruction at grade level using differentiated best practices and strategies. Using data from common assessments, students in need of extra support are identified and provided Tier 2 and Tier 3 interventions for reading and math.

- Elementary reading specialists and math coaches have moved to a coaching model, providing support and embedded professional development to teachers and support staff.
- Berlin Middle School operates under a teaming model with four core teachers per grade level, allowing the team teachers to collaborate on academics

and to better monitor student progress. There is an added period in the day for intervention and remediation, called flex time.

- Berlin High School operates under a 4X4 block schedule with a flex block also included. This block is utilized for remediation and presentation of other information important to high school students such as: visits from college representatives, career presentations, dissemination of guidance documents and participation in behavioral and social-emotional interventions.
- Berlin High is one of the schools in New England with the longest-standing accreditation through the New England Association of Schools & Colleges (NEASC). Staff spent the 2020-21 school year preparing their self-study for the NEASC decennial evaluation visit which took place virtually in spring 2021. Through this accreditation process, short and long-term improvement plans were established and will be monitored to ensure the school is in alignment with current best practices in education. The largest of these goals for improvement are creating consistent curriculum formats, creating a Vision of a Graduate, and addressing space constraints in the building brought on by the district reorganization that inhibit adequate education.
- All schools utilize a multi-tiered system of support (MTSS) for behavior, social-emotional learning and for trauma. Behavioral Health Intervention Teams (BHIT) are strong in all schools. These teams meet weekly to monitor and plan interventions for students referred for additional support in order to be successful in the school environment. The team consists of administrators, school counselors, school nurses, the School Resource Officer (SRO), behavior program staff, community social workers and mental health counselors. For those students in need of intense Tier 3 services, this work often involves work with the entire family...sometimes, it really DOES “take a village”! The social worker and SRO were busy throughout this year with many home visits attempting to re-

engage remote learners who were not participating. As well, the pandemic brought a wealth of concern surrounding the social and emotional well being of all students and the mental and physical well being of remote learners in homes with abuse, neglect and poverty issues. School staff worked in collaboration with our local mental health agency to ensure those remote learners had access to remote services through their school devices.

- The NH accountability tests resumed after a waived year. These are given annually to students in NH from grade 3 - 8. The SAT is used as an accountability test for grade 11. The tests showed that, like most students nation-wide, the pandemic has slowed academic progress for most. An enhanced free summer program, supported by federal funds allocated to address learning loss, was held for all students who chose to attend and included remedial, credit-recovery and enrichment courses. This was the largest summer program held in district history and was well-attended. District staff, once again, went above and beyond in providing for our students, despite such an exhausting and challenging school year. Hats off to all!
- Since 2004, the district has partnered with the Family Resource Center to provide an After-School Program (ASP) for grades K-8. This program works to support the public school program by providing academic and social-emotional assistance to students (homework help), facilitating family and community involvement and providing enrichment activities as an extension of the school day. Dinner is provided to those students who choose to participate. Funding for the program is primarily through the 21st Century Community of Learners federal grant. The ASP programs shuffled with the reorganization of the district this year but had a strong year with students enrolled across all 3 schools. When the schools moved to a remote model, so did ASP.
- Professional development was provided for staff, focusing on district

and school goals. Professional development areas included: SEL, classroom management, competency-based education, designing performance tasks, technology training, remote teaching, MTSS, NEASC/BMHS-related training (best practices, prep for self-study, Vision of the Graduate).

- An academic partnership continued with White Mountain Community College for students to have dual and concurrent enrollment through Running Start courses taught by district staff and through students attending courses taught by WMCC staff to earn early college credits. The Governor's STEM scholarship program allowed the opportunity for every junior and senior in NH to enroll, for no cost, in two college courses in the areas of science, technology, engineering or mathematics.

### **Facilities**

- With staff and students returning to the buildings during the pandemic, emphasis was placed on ensuring the heating and ventilation systems were functioning properly. Federal funds were used to assess air quality and perform mechanical assessments. Repairs were made to address non-functioning and poorly performing areas in both buildings. An air

exchange unit was installed to the "new gym" at BES. Though the system was made fully functional, studies determined the system at BMHS has reached the end of its useful life. Planning is ongoing for using federal funds for upgrades.

### **Community, Family and Board Involvement / Extracurricular Achievements**

- Open houses and orientation events at both schools were modified due to pandemic protocols.
- Parent/teacher conferences were held virtually in December.
- We were saddened that community viral spikes in October lead to the decision to not only move school to a remote model, but to cease sports and travel. This caused the BHS Field Hockey Team to forfeit the Championship game.
- The Berlin-Gorham Boys Ice Hockey team won the State Championship.
- A physically-distanced graduation ceremony was held outside at Gaydo Field with limited guests.
- Berlin Board of Education member, Louise Valliere, resigned in January and Nathan Morin was appointed by Council to fill her seat. He joined: Chair, Ann Nolin; Vice Chair, Matthew Buteau; Secretary, Jeanne Charest; and member, Scott Losier.

Your Partner In Education,



Julie King  
Superintendent of Schools

**ANNUAL REPORT**  
**BERLIN RECREATION DEPARTMENT**  
**JUNE 30,2020-JUNE 30,2021**

Summer playgrounds were still limited because of Covid but we slowly started opening up with protocols in place. We had Community Field, Brookside Park and the Rec Center all going during our summer program, playground meals were supplied thru the Berlin school system and we enjoyed outdoor and some indoor activities. We had our 39<sup>th</sup> Easter “EGGSTRAVAGANZA” in June this year because of Covid, with all protocols in place, mask, social distancing and plenty of hand sanitizers. We had Thirty kids participate. British soccer had Twenty-Five kids sign up and enjoy the outside air, Summer soccer program also saw lower numbers with Forty kids playing games every week. Our Babe Ruth baseball program hosted the NH State tournament at Memorial field and we finished NH runners up. As winter approached our indoor programs were still limited due to Covid but we had Thirty-Eight sign-ups for the Rec hockey program and played through March. January had our Ski and Snowboard season kick-off with Twenty-Eight 3<sup>rd</sup>-6<sup>th</sup> graders participating and enjoying 6 weeks of lessons. Spring season 2021 brought on some indoor baseball clinic with DJ teaching Thirty 6-12yr old’s the fundamentals of baseball inside at the Recreation Center. This was followed up with a Cal Ripken baseball learn to play program designed for 6-9 yrs. old to play baseball Thirty kids enjoyed 4 weeks of practices and games at Community Field in Berlin. Spring time also brought on our 40<sup>th</sup> annual Easter “EGGSTRAVAGANZA” and again all NH protocols were in place with the Berlin Rec Department taking extra precautions. We split up the sessions to limit numbers inside at one time, it still had Forty kids participating and enjoying the Easter Bunny! We also had the return of the big

indoor yard sale and the Kiwanis club holding their bike rodeo.

All in All, the Berlin Recreation Department worked extra hard and managed to have a great year with all protocols in place and our Community helping out we continued to offer a safe and healthy place for our great Community to come and enjoy.

Thank You,  
Duane “DJ” Johnson  
Berlin Recreation Director



# BERLIN PUBLIC LIBRARY

## ANNUAL REPORT FY 2021



**BERLIN PUBLIC LIBRARY**  
270 MAIN STREET, BERLIN, N.H., 03570  
603-752-5210, [librarian@berlinnh.gov](mailto:librarian@berlinnh.gov)

The Berlin Public Library maintains an organized collection of books and related materials for both educational and recreational use by the community. Internet access, Wi-Fi, local newspapers on microfilm, local yearbooks, audio books, and a movie collection, are all available to the community. Fax, copier and scan to email services are also available.

The library catalog can be accessed through the City of Berlin website as well as at the library. Patrons, with a library card in good standing, have access to interlibrary materials from participating NH libraries.

Library patrons have access to downloadable books through the New Hampshire State Library and Overdrive. In addition, the library also offers Heritage Quest, a genealogy resource, accessible on site or remotely and Ancestry, which can be accessed at the library.

Both Heritage Quest and Ancestry were made accessible remotely to library

patrons throughout FY2021 due to COVID mitigation attempts.



On March 13, 2020, both National and State Emergencies were issued in response to the increased spread of the novel coronavirus, COVID-19. As little information about the new virus was known, the decision to close the library building was made. Due to the nature of our legacy building and the ever-evolving COVID-19 virus, the library building remained closed to the public until February 2021, when a portion of the lower level was opened.

For the library to continue providing services to the community while the building remained closed, we revised our operations to allow social distancing between staff, and to allow a contactless

and curbside service option to serve the public's book borrowing and office technology needs.

With the building closed we looked for a way to ensure continued availability of free internet for public use. We also needed a place outside of the building to meet for patron interactions. In July, we received a CARES#55 Grant for \$10,000. With this grant we were able to transform the outdoor space adjacent to the library, Kelley Park, from a vacant concrete lot into a useful outdoor public space, and to provide an open-air venue for library programs and services. We purchased tables and seating to accommodate up to 28 people while allowing for social distancing. Wi-Fi was extended to provide a signal from the building with 24-hour access via password. Electrical contractors were hired to extend electricity from the library building, making outlets available for public use for charging laptops, etc. while using WI-FI, and for loudspeakers for outdoor presentations and events. Furnishing this area with highly rated weather resistant seating and tables with umbrellas also made a significant aesthetic improvement to a small part of our City's historic downtown area.

With the transformation of Kelley Park, we were able to meet our patrons' desire to simply browse and talk about the new book releases with our staff before choosing a book. We purchased a laptop, portable tables, portable shelves, and book trucks, and presented weekly book browse events (weather permitting) between August and September. Staff was added to assist with organizing a portion of the library collection for

outdoor display and viewing. Up to 1000 items were brought out from the library building into Kelley Park and made available for perusal and check out to library patrons. Items included books for both children and adult readers, audiobooks, DVDs, music CDs, and magazines. These events allowed the public and library staff to have face to face interactions, which had been missed since the start of the pandemic. It also allowed community members new to the library a welcoming environment while discovering our array of available resources.

As the weather forced us indoors, library staff adjusted once again to meet patron needs by converting a portion of the lower level into public use space. We shifted juvenile books to wall shelving, allowing upper floor items to occupy stand-alone shelving in the main section of the lower level. As space was limited, only a portion of our catalog was on display. Starting in February 2021, we opened for 30-minute individual or family unit visits. We have continued serving the public in this manner for the duration of the fiscal year.

Improvements were made to the library's upper level including the installation of multiple bookcases made by Dave Landry, reorganization of furnishing to accommodate social distancing, and installation of multiple air purifiers as ventilation is an issue with our historic building.

The library checked out 5,607 items during FY2021. This statistic indicates that patrons at our library still use traditional resources, in addition to the NHDB through NH State Library

Consortium which remains very popular with 2,794 checkouts, an increase of 754 from last year. A total of 191 patrons walked through our doors.

The Berlin Public Library in conjunction with White Mountains Community College, Fortier Library, Gorham Public Library and Randolph Public Library hosted via Zoom the fall 2020 series entitled, “Strong Women.” The series began in September with a lecture and book discussion of *Never Caught: The Washingtons’ Relentless Pursuit of Their Runaway Slave, Ona Judge* by Erica Armstrong Jones Dunbar with Carolyn Hutton. In October, the program *Voting Down the Rose* was presented by author Anne Gass. To close out the series, in November, *Meet Lucy Stone: Enter the Antebellum World of the Abolition and Women’s Rights Movement* with storyteller/actress Judith Black was performed. In February, we progressed into the spring 2021 series entitled “In the Shadow of Mt Washington” via Zoom. Our first presentation entitled *Over the Headwall: A Short History of Skiing in Tuckerman Ravine* was presented by Jeff Leich. During March, we were *Rediscovering Mt Washington’s Hidden Culture* with author Dan Szczeny. April brought about a presentation on *Animals of The White Mountains* with Squam Lake Natural Science Center. Finally, we concluded the spring series in May, with Nicole Pizzo presenting on *Land Above the Trees: Exploring the Alpine Zone in the White Mountains*.

A notable staff change happened during this year. Kathy Godin, the Children’s Librarian from 2004 to 2020, retired at the beginning of August. By Mrs. Godin’s departure, the library lost a faithful and energetic worker; and

everything in our power has been done, endeavoring to keep up with the good work started by Mrs. Godin. Mrs. Denise Torres assumed the role of Children’s Librarian at the end of December 2020.

The Staff from the Berlin Public Library appreciates and thanks the community for their continued support. We invite all to come in and make use of the valuable resources available at your local library.

BERLIN PUBLIC LIBRARY			
JULY 1, 2020 THROUGH JUNE 30, 2021			
TOPICS	ADULT	JUVENILE	TOTAL
000 - Generalities	17	0	17
100 - Philosophy	24	0	24
200 - Religion	21	0	21
300 - Social Science	105	27	132
400 - Language	0	0	-
500 - Pure Science	17	61	78
600 - Technology	103	23	126
700 - The Arts	42	65	107
800 - Literature	73	9	82
900 - Geography & History	116	38	154
910 - Travel	0	0	-
BIO - Biography	55	22	77
FIC - Fiction	3,893	545	4,438
MAG - Periodical	61	0	61
DVD - Movies	116	0	116
VHS - Movies	0	0	-
AC - Audio Books	172	0	172
CD - Compact Disc Music	2	0	2
<b>TOTALS</b>	<b>4,817</b>	<b>790</b>	<b>5,607</b>
PKB - Paperbacks	1	12	13
Walk in Patrons	50	141	191
Phone Inquiries	2303	107	2,410
Computer Users	0	5	5
Copier Patrons	3285	250	3,535
Fax Patrons	121	0	121
Microfilm Patrons	0	0	0
Interlibrary Loaned	330	0	330
Interlibrary Borrowed	83	0	83
NHDB Checkouts	2794	0	2794

Respectfully Submitted,  
Ann Brungot  
Library Director



## Berlin Fire Department

**Mission Statement** – The Berlin Fire Department prepares for, and responds

to a wide variety of emergencies and calls for service. Protecting life and property through a combination of progressive and responsible approaches with a professionally trained, dedicated, and compassionate workforce to work diligently in fire prevention planning and education, and hazard prevention and mitigation for the citizens of Berlin.

Berlin Fire Department personnel are dedicated and highly skilled in providing professional services in the areas of fire suppression, rescue, hazardous materials, EMS, and weather related incidents. Members train and plan with an emphasis in fire prevention, life safety, code enforcement and public safety education

The members of the Fire Department provide their services to the citizens of our City with professionalism, dedication and integrity. Through hard work and training, and in conjunction with the support of our residents, businesses and City Administration, both appointed and elected, we continue to provide valuable services on a daily basis. The Fire Department responded to 1311 calls for service during Fiscal Year 2021



- Fires (all categories) - 40
- Rescue/EMS - 234
- Hazardous Condition - 131
- Service Call - 117
- Good Intent - 49
- False Alarm - 119
- Special Incident - 16

706



## Fire Prevention Division

The Fire Prevention Division is tasked with code enforcement, fire inspection, regulating and inspecting construction of new buildings, and inspection of existing buildings, for compliance with the State of New Hampshire Fire and Life Safety Codes. The Fire Prevention Division continues to be the focal point of the Fire Department's efforts to minimize fire loss in the community. This is achieved by the programs that are offered to local businesses, schools, health care institutions, and the public in general.

The methods employed by the Fire Prevention Division in completing these tasks, focus on fire and life safety code education and inspections, plans review, and fire safety education sessions. A customer service based, and service oriented approach of our services, as well as our commitment to the overall safety of our residents and visitors, are driven by the Fire Department's mission to serve our community.



## Fire Prevention Inspections

- Place of Assembly - 15
- Oil Burner - 5
- LP Gas Furnace 19
- LP Tank swap 6
- New LP tank inspection 23
- Health Care - 20
- Education - 33
- Complaints Investigated - 6
- Foster Care - 7
- Day Care - 1
- Fire Alarm/Sprinkler - 11
- Public Education - 7
- Multi-Family - 205
  - Full Inspection 18
  - Partial Inspection 187
- Plan Reviews - 91
- Business 73
- Industrial - 2
- 1 & 2 Family - 66
- Mercantile - 8
- Vacant Buildings - 5
- Fire Investigations - 2

**TOTAL: 605**





### Accomplishments

SCBA's – FEMA grant  
\$167,952.38  
Cascade upgrade to ladder truck  
\$11,403.31 – Segregated funds  
Mobile repeater added to UTV – HSEM  
Grant.  
\$5010.10

Respectfully submitted,

*James P. Watkins*

James P. Watkins  
Fire Chief

### Training

Crews completed 825 hours of training during the year.





**Police Department**  
**Fiscal Year 2021 Annual Report**

The mission of the Berlin Police Department (BPD) is to provide community-oriented law enforcement designed to protect life, property and maintain order, while assuring fair and equal treatment for all and to continually enhance the training and expertise of each member of the police force. We serve the community in a way that reflects the morality, beliefs and customs of the citizenry we serve.

Community: The Berlin Police Department takes great pride in the activities that attract people to the area. We work in concert with the Androscoggin Valley Chamber of Commerce and support their activities which show visitors what our community and surrounding area have to offer. While the usual offerings of activities that occur, especially through the summer and fall, were either cancelled or scaled back due to the Covid-19 pandemic, we continue to support activities as they occur and remain committed to the premise that our community will prosper and shine for new visitors and property owners.

While large events, with their ability to draw large crowds from near and far, are what most people remember about our community, much of what the Berlin Police Department does is unnoticed by a majority of the citizenry. We spend much time working with local and state service providers. The pandemic has provided us with new challenges that bring us closer to these providers. The needs of the community have increased due, in part, to the many that are affected by the pandemic. As a result, there appears to have been an increase in illicit drug and alcohol use, along with mental health related issues. With new laws and increased scrutiny of our actions and interactions with those affected, we have added new training for all officers to ensure that we keep pace with the ever-increasing needs of the community to enable us to be the best possible

partners for the agencies and citizens that we serve.

The associated problems that surround the use of illicit drugs continue to be a challenge. Family members, friends, and neighbors often become party to these problems through no fault of their own. They suffer emotional loss of the lives of family members, friends and other personal loss. Over the past year, methamphetamine has become far more prevalent in our community. This is a powerful drug that alters the behavior of users and in many situations puts family, friends, emergency medical providers, and police officers at increased risk for their well-being. We continue to work with the N.H. Drug Task Force and participate in grant funding, such as the Law Enforcement Substance Abuse Reduction Initiative, which enables us to gather information and work together to stem the tide of illicit drugs that make their way into our community. In the school setting, we remain active and participate in the LEAD (Law Enforcement Against Drugs) program. This program is used to provide age appropriate information and content that can be used for good decision making as students go through school and life, in general. There is current consideration for a high school age program. It is our hope that bringing this information to students in an age appropriate manner will enable them to make better life decisions.

Department/Personnel: Fiscal year 2021 was a year that was far different than others in the past. The Covid-19 pandemic struck the BPD with a vengeance. We were forced to change the way we interacted with the public, all the while working hard to ensure that we gave our citizens the services that were needed and have come to expect of us. Many in the BPD, including officers and supporting staff, were absent for periods of time due to quarantine, either having contracted the virus, or having been in contact with someone who was afflicted by the virus. Several officers had to quarantine away from their families for many days.

In November of 2020, Adam J. Sperlonga was hired as an entry level officer. Officer Sperlonga has completed his recruit training and graduated from the N.H. Police Standards & Training Academy.

The BPD annual department meeting occurs every December. It is a day of training and reflection on what we have accomplished in the past year. Also, it is a time to celebrate those who have made extraordinary accomplishments in the past year. Officer of the Year was presented to Lt. William S. Daisey. Employee of the Year was presented to Lisa L. Arguin. The Call To Duty Crime Fighting Award was presented to Officer Dennis C. Gale. The Call To Duty Community Service Award was presented to Sgt. Zachary J. Howry. Each and every person presented an award were certainly deserving of that award and we congratulate them.

In March of 2021, Connor J. Kerivan was hired as an entry level officer. Officer Kerivan has completed his recruit training and graduated from the N.H. Police Standards & Training Academy.

As spring arrived, Lisa L. Arguin retired from the BPD. Lisa was Executive Secretary to the Chief and an exemplary employee for many years. She was often referred to as the glue that kept us all together. We all will miss her and her friendship. Godspeed Lisa!

Kimberly Bijeau, a full-time dispatcher for many years, was tasked with replacing Lisa Arguin. Kim has done a great job in filling this very important position. We wish her well on her new journey.

As we move forward, it is important that we continue to expand our training agenda to give each and every employee the tools necessary to complete our mission within the community. The pandemic has had an unsettling effect on society, however, we embrace these challenges and work towards a brighter future.

Total Calls for Service	21426
Accidents	149
Accidents Within an Intersection	70
Animal Complaints	187
Assaults	71
Assist to Berlin Ambulance	1190
Assists from Gorham PD	70
Assists to Gorham PD	78
Assists to other Berlin Departments	281
Burglaries	45
Criminal Threatening	108
Dog Complaints	274
Domestic Violence Incidents	293
Drug Complaints	250
DWI Violations	38
Felonies	296
Involuntary Emergency Admissions	42
Juvenile Arrests	140
Juvenile Incidents	140
Milan Calls for Service	963
Misdemeanors	1014
Motor Vehicle Stops	2605
Motor Vehicle Violations	371
Motor Vehicle Warnings	2373
OHRV Accidents	16
OHRV Complaints	75
OHRV Traffic Stops	69
Overdose – Suspected	37
Parking Tickets	314
Protective Custody Arrests	62
Restraining/Stalking Orders	120
Sexual Assaults	28
Thefts	304
Total Arrests	788
Vandalism/Criminal Mischief	119
Verbal Arguments	45

Respectfully submitted,  
*Daniel Buteau*  
 Chief of Police





The **Public Works Department** provides a number of services to the citizens of Berlin. These services include but are not limited to: the summer and winter maintenance of over 60 miles of streets and many more miles of sidewalks that need to be plowed, treated, swept, patched, and paved. We also provide snow removal services, street striping and markings, and the fabrication and installation of street and traffic control signs. We are responsible to construct and maintain 178 City owned retaining walls or safety railings along with guard rails and guard fences. We also maintain sewer and storm water collection systems throughout the City. We provide equipment maintenance for all of the Public Works, Fire, Recreation, Pollution Control, Code Enforcement and Police Departments as well as the Berlin Municipal Airport. We also provide and maintain 160 sand/salt barrels for winter use at multiple locations throughout the City. Members of the Department also provide utility information and project inspection for water and sewer capital improvement projects.

**Transportation – Street Markings:** The Public Works Department is responsible for painting railroad crossings, parking locations both allotted and not, Handicap parking areas, stop bars and cross walks on all City streets. The cost associated with this work is approximately \$21,000.00 and includes approximately 220,000 linear feet of street striping, 5 railroad crossings, over 130 crosswalks, and multiple parking locations throughout the City. All centerlines and fog lines are painted using hired contractors.

**Solid Waste:** The East Milan Landfill closure was substantially completed in October of 1996. Closure of the landfill launched the 30-year post-closure monitoring program. Groundwater

quality and methane gas production is being monitored in accordance with the program.

The Cates Hill Landfill Closure project was completed in August of 2006. As with the East Milan Landfill closure, the Cates Hill Landfill is being monitored for groundwater quality and methane gas in accordance with the program.

The Public Works Department does curbside pick-up of household refuse and recycling. Household refuse is brought to the AVRDD Mt. Carberry Landfill for disposal. The Public Works Department collected 3,708 tons of household refuse this fiscal year, which is down from last fiscal year.

Recycling within the City has been mandatory since September 2012, therefore due diligence with continuing to removing recyclables from the household refuse generation is much appreciated!

The Public Works Department collects residential glass, plastics, tin, aluminum and commercial cardboard for recycling. The Department continues to increase efforts to reduce the household refuse tonnage to the landfill. This effort is being driven through the continued use of local media and the PWD Supervisors educating the public for the need to improve our recycling efforts. In addition to education, the Department has worked to reduce/eliminate large curbside and yard waste pick-up's and ask residents to use the AVRDD Transfer Station for these items.

**Sanitary Sewer & Storm Collection:** The Phase 2 Inflow and Infiltration (I/I) Reduction project is in the final design phase. During wet weather events, significant volumes of I/I (storm water, groundwater, etc.) enter the City's sewer collection system, which results combined sewer overflows (CSOs) at the Watson Street Pump Station. Excess flows discharge to the Androscoggin River. Means for reducing I/I include replacing sewer mains, re-routing illicit connections to the sewer system (sump pumps, perimeter and roof drains), and relining sewer mains. We plan to have the project ready for construction to begin in 2022.

**Parks and Recreation Maintenance:** The City's major fields (Memorial, High School, and Community College) have been well maintained with the help of Diamond Turf to guide us to keep up the good field conditions. In working with Diamond Turf we continue to gain valuable knowledge that will help us avoid the reoccurrence of the past issues of bug infestation. The fields are currently in tremendous shape even with the increased demands of the addition of high school aged football, high school women's soccer and youth football for the past five seasons.

**Projects In Progress/Completed:** The Community Field Skate Park project construction was substantially completed this summer.

\*Community Field Skate Park

The Parks & Recreation Department is also largely involved with many of the annual local events that are put on by the Chamber of Commerce. These events include but are not limited to RiverFire and the annual ATV Festival.

The Parks & Recreation Department is tasked with a variety of different responsibilities depending on the time of year. The following is a brief summary of the day to day activities performed by the Parks & Recreation Crews based on the season.

**Winter: (December, January, & February)**

-Maintain the downtown Christmas decorations.  
-All snow, ice, and rain events are attended to as they occur. This will include the following tasks:

- Shoveling
- Plowing,
- Sanding and Salting
  - Parking Lots
  - Walkways
  - Stairs

These tasks are completed at the following locations:

- Police Station
- Recreation Center
- First Ave Parking Lots
- City Hall
- Court House
- Heritage Park
- Bickford Place

- Memorial & Community Field Storage
- (5) Skating Rinks as weather permits

-The five (5) skating rinks that are maintained by the Parks & Recreation Crews are located at:

- Green Street      ● Horne Field
- River Street      ● Hutchins Park
- Ramsey Park

-When the weather is not favorable for skating rink maintenance, equipment maintenance that is usually performed during the spring months will be performed in its place.

**Spring: (March, April, & May)**

-Equipment Maintenance



- Inspection
- Paint
- Replace

-Litter Pick-up

-Leaves Swept

-Sod Repairs

-Baseball & Softball Fields

- Line Painting
- Mowing
- Raking

-Tennis Courts

- Sweeping
- Line Striping

-Northeast Agricultural Field Maintenance Program

- Community College Field
- High School Track
- Memorial Field

-Mowing of Grass Begins

**Summer: (June, July & August)**

-High School Sports slow season allows for focus to turn to maintenance of grassed areas

-The grassed areas that we maintain are:

- High School Track & Field
- Memorial and Memorial Annex

- Green Street
- Veterans Park
- Voudoukis Park
- Berlin Public Library
- Gill Park
- St. Anne
- Dead River Park
- Pleasant St., Green St., & Cole St. Islands
- Tondreau Park
- Cleveland Bridge Road
- Botanical Gardens
- Central Playgrounds
- Community Field
- Hutchins Park
- Horne Field
- Rotary Park
- Ramsey Park

-Maintain all baseball, softball, and soccer field for summer schedules and tournaments

- Aerating
- Seeding
- Topdressing
- Fertilizing
- Weed-killing

-Cemetery work to include

- Trash removal
- Tree pruning
- Fence repairs
- Grass Mowing

-Recreation department sports programs require field maintenance

-Prepare for winter by putting away all sport and park related equipment

- Bleachers
- Nets
- Benches
- Picnic tables

-Assists Main Street Program with seasonal decorations

-Prepare 5 locations for skating rinks

**Pamela E Laflamme**

**Interim City Manager & Acting Public Works Director**

**Fall:** (September, October & November)



\*High School Track & Field

-High School Sports are in full swing requiring daily field maintenance

- Field Striping
- Grass Mowing

-Cemetery Mowing Continues

-Mowing of all City owned grassed areas continues





Photo courtesy of Eric P. Demers, August 13, 2020

### BPCF Annual Report for FY 2021

Last fiscal year, Berlin’s Pollution Control Facility processed 624.49 million gallons of sewage from the City. We also processed 12.13 million gallons of Leachate from the AVRDD Landfill. On top of which we accepted and treated 1.4 million gallons of Septage waste from outlying communities not on community collection systems (i.e., septic tanks). The fiscal year’s Inflow Flow decreased by 11 %, this could be attributed to the I & I work the city has completed, but FY 2021 was also a dryer year precipitation wise. There was a 71% increase in Septage deliveries, and a significant drop in Leachate flow, 31 %.

A comparison we like to make is the amount of water Berlin Water Works (BWW) supplies to the City each day to the amount of wastewater we receive at the Berlin Pollution Control Facility (BPCF). It should be approximately the same amount of water over the course of a year. Last year (FY2021) BWW produced 587.83 million gallons of water for use in the City; BPCF on the other hand had to treat 624.49 million gallons of City Sewage, We attribute most of the discrepancy to Inflow and Infiltration into the Collection System.

As part of our process we produced 1616.78 tons of dewatered municipal sludge that we trucked to the AVRDD landfill for disposal. The treatment process removed 90% of the BOD (Biochemical

Oxygen Demand) and 97% of the TSS (Total Suspended Solids) that came in with the sanitary sewer flows.

We completed a Capital improvement project this year that included three different pieces. One piece was new Variable Speed Drive pump controllers and main station control panels at the Dairy Bar and Armory pump stations. Included in this portion of the project was the installation of a flow meter at the Napert Village pump station and a software upgrade to its control panel.



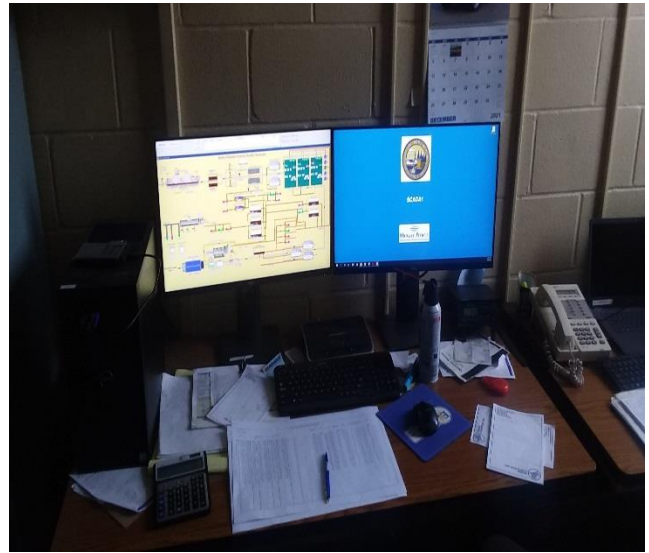
The second piece of this project was a new security fence and gates at our main facility.



And the third piece of this project was a new Sewage ejection station at our main facility. The sewage ejection station is basically a lift station that removes all of the wastewater from our Administration building and pumps the waste to the headworks of our facility for treatment. This includes the waste from our Laboratory, the thickeners, filter press, and all floor drains in the building.

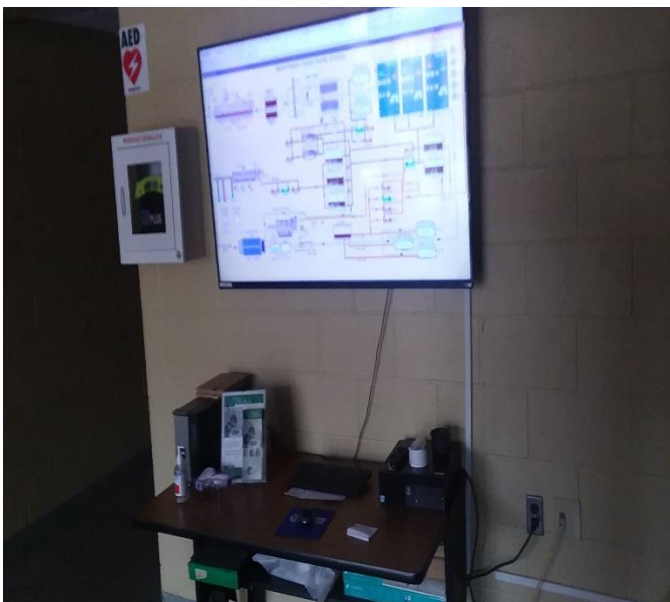


The updated software included software support contracts for the next three years.



Submitted by: Jon Goodreau  
Superintendent Pollution Control

We also completed a second Capital Improvement project if FY 2021. We upgraded our SCADA System to windows 10 which included all new computers and monitors and upgraded software.





**Berlin Water Works**  
**September 2021**

Water Commissioners for this report period were Michael Caron, Paul W. Poulin, Sean Brungot, and Paul Ingersoll; Ex-officio member was Mayor Paul R. Grenier.

The Berlin Water Works (BWW) has not increased water rates in twenty-four years. BWW has been able to maintain water rates because of cross-training employees and elimination of work through planned improvements and the implementation of BWW “force account” construction to offset operating cost by performing capital improvement projects with BWW resources. Energy improvements including the Solar System at the BWW office and the Hydro at the Ammonoosuc Treatment Facility have also helped keep energy costs manageable. BWW signed a contract with Freedom Energy Logistics for nineteen months, beginning April 2019, with a fixed rate of \$0.0819/kWh. We have generated extra power with the Hydro at the Ammonoosuc Treatment Plant. We have received an Eversource Credits which are applied to the Eversource Demand Charge which will reduce our net charges for the next year.

The Berlin Water Commission is pleased to announce that through a partnership with Northway Bank we’ve been able to restructure and consolidate our remaining debt. This restructuring will allow us to not only reduce the time of payment, but will also save the Water Works and Berlin ratepayers almost half a million dollars over 10 years. We’d like to sincerely thank both the management of the Berlin Water Works and Northway Bank for making this restructuring possible. It should also be noted that with this debt restructuring we have reduced our overall debt by almost \$35 million since 1993. By taking these steps we have helped to ensure our long-term goal of providing

our customers with a quality, reliable service at a reasonable rate for many years to come.

BWW continues to offer on line bill paying for customers. Approximately 1175 or 33.76% of our customers are registered to use the online billing service and a total of 528 or 15.17% are paperless. Also, the BWW has an auto-pay option for which 251 or 7.21% customers currently participate.

There are 3480 BWW accounts requiring metering and protective devices. BWW has installed 2410 backflow devices to-date at customer’s homes. BWW has installed 1997 radio read units to-date. BWW is currently upgrading old brass meters by replacing them with poly Sensus Iperl meters. FY2021 BWW replaced 33 meters. Of the total replaced, all were Sensus Iperl meters.

	FISCAL 2020	FISCAL 2021
Total Flow	596,098,106 gallons	613,242,670 gallons
Difference from previous year	2.9% decrease	17.2% increase
Gallons per Day	1.509 million gals/day	1.767 million gals/day
Frozen Water Calls - outside	1	2
Frozen Water Calls - inside	1	0
Number of main line breaks	2	1
Number of service line breaks	9	2

Berlin Water Works continued to pass the lead and copper water sampling compliance regulations set forth by the NHDES for the 11<sup>th</sup> consecutive round of testing. The State of NH Department of Environmental Services dropped the number of test sites required from 60 sample sites to 30 sample sites, and now to 20 sample sites. The overall average lead and copper sample levels have dropped to new low levels. Please note that the water leaving the Water Treatment Plant is free of lead and copper and that the resulting lead and copper are attributed old portions of the distribution system, customer pipe systems, and/or dead-end lines. Water sampling will continue to monitor lead and copper levels. The next round of testing is scheduled for September 2022.



Water Quality Report for calendar year 2020 was distributed to all water customers as a bill stuffer in the May 2021 Billing. Paperless customers received an internet address to view the Water Quality Report on the City of Berlins website.

Berlin Water Works has been awarded a contract from the US Department of Justice - Federal Bureau of Prisons, Federal Correctional Institution - Berlin for the continuation of Water Utility Services. The superintendent signed the award letter, and this is a formal contract that BWW will provide water services for another ten years. The effective date of the award was May 1, 2020 through April 30, 2030.

Vachon Clukay & Company, PC was accepted by the Board to perform the Water Works financial reports for periods FY2018 thru FY2021. Our FY2022 budget of \$2,771,563 was presented by the Board on May 26, 2021 at the public budget hearing. The proposed budget was approved June 16, 2021. This budget represents the twenty-fourth consecutive year with no water rate increase for its customers.

**IMPROVEMENT PROJECTS:**

A \$1,500,000 NHSRL #12 was awarded to BWW on November 22, 2017. The proposed work is to continue planned water main replacement of vintage 1890 through 1930's unlined 6" and 8" diameter cast iron pipe. The water main replaced will be the highest failure rate water main in the BWW Distribution System based on our records. Running water Customers have been addressed also by lowering and insulating service lines to prevent freezing. At one time there was over 1,100 running water services, we have now eliminated all early running water customers. Most of the proposed scope streets have stamped design drawings from previously funded projects. BWW has completed water main work on Twelfth Street from Sweden Street to Nansen Street. Willard Street between Hillside Ave and School Street. High Street between Emery Street and Pleasant Street. Western Avenue from Gerrish Street down toward Mink Street. And on Goebel Street from Devens Street to Alpine Machine. BWW has closed out SRL #12 and has begun BWW funded Capital Improvement Projects. That includes water main work on Denmark Street from Eighth Street to Johnsons Lane and BWW has also begun work on River

Street from Madison Avenue to Jasper Street. BWW does all of our construction in house for an additional savings of cost per foot than the going rate for a contractor.

Brown Farm Well #2 was completed by Layne Christensen Company, the 10-day pump test was completed and the VFD is installed and the instrumentation is complete. The Water Conservation Plan was approved by the State, this has been a long process but we have been granted waivers. On June 17<sup>th</sup>, 2019 BWW received a letter from Kelsey Vaughn, NH Water Conservation Program/Drinking Water & Groundwater Bureau stating that DES approved the exemption request. Also, NHDES approved the meter maintenance schedule proposed by BWW. The calibration of the Venturi meter will need to be done electronically each year and the cleaning of the meter will need to be inspected in 20 years. BWW was notified by Andrew Koff that NHDES approved the Large Groundwater Withdrawal Permit; the well connection was approved by Randall Suozzo of NHDES. Brown Farm Well #2 is permitted for withdrawal of 700GPM. Well #1 and #2 are permitted for withdrawal of 1100GPM when both are running simultaneously.

The Ammonoosuc Treatment Facility underwent a massive PLC and Computer Upgrade, which is the brains that run our treatment plant. The old system was becoming obsolete and was 26 years old. The work was completed by Electrical Installations, Inc. The total cost of the upgrade was \$128,786.50. The plant was able to stay online for the majority of the upgrade. It has now been successfully completed and is running well.

	Total as of FY 2021	FY 2020	FY 2021
Curb-to-curb street paving (includes overlay)	12.81 miles	.18	.11
Number of New Meters	3420 total in system	164	33
Number of New hydrants	424 total in system	1 New 1 Replaced	1 New 1 Replaced
Number of Replaced services	3420 total in system	10	24
New water main installed - since 1990	30.40 Miles	.14	.26

The BWW installed 1,371 feet of water main. Improvements to the water distribution in the City of Berlin continue with planned replacement of small diameter galvanized mains, which were all completed as of June 2019, and 1890 thru 1920's vintage unlined cast iron mains (21,388 feet remaining as of June 2021) with the highest frequency problems corrected first. As the streets for replacement of water mains are selected for design, improved fire protection flow capabilities are considered. The results of these increased efforts will be a much-improved distribution system.

BWW continues to record GIS location information for all new construction as well as completing the city a zone at a time.

Thanks to all BWW employees, Water Works Commissioners, the Honorable Mayor Paul Grenier, the City of Berlin and the NHDES Drinking Water staff for their continued support. The BWW has completed and is continuing work on significant improvements that will improve our water system and reduce our operating cost for many years into the future.

Craig P. Carrigan  
Superintendent



**FINANCE/COLLECTIONS**

The Tax Collection Department continues to offer property taxpayers the ability to have tax and sewer payments withdrawn from their checking or savings accounts. Payments are withdrawn on the bill due date. For taxpayers who prefer to budget their tax and sewer payments, the City will withdraw funds on the second Wednesday of every month. The Collection’s Department also accepts online credit card payments which can be accessed on the City website.

There was a total of 1,369 dump passes issued during fiscal year 2021. Vachon, Clukay & Co., P. C., of Manchester, New Hampshire, conducted the annual fiscal yearend audit again this year.

The Finance Department also processes weekly payrolls and provides Human Resource Benefits for the City’s 130 regular full and part time employees.

During FY21, the Finance Department issued 4,163 semi-annual real estate tax bills totaling \$16,814,982. The Department of Revenue (DRA) set the tax rate in December of 2020 at a rate of \$35.93. The Finance Department also issued 3,150 annual sewer bills which totaled \$2,024,048. The number of motor vehicle registrations issued by the City increased again this year to 10,027 with the City collecting \$1,474,966.


Finance Department Staff:

Assistant Comptroller: Jan Gagnon  
 Senior Collections Clerk: Kris Davis  
 Collections Clerk: Jessica Paradis

Accounts Payable Clerk: Natalie Croteau  
 Payroll/Benefits: Sherry Young

Respectfully submitted,

Holly Larsen  
 Finance Director/Tax Collector

		<p><i>New Hampshire</i>                  Department of                  Revenue Administration</p>		<p><b>MS-61</b></p>		
<b>Debits</b>						
Uncollected Taxes Beginning of Year	Account	Levy for Year of this Report	Prior Levies (Please Specify Years)			
			Year: 2020	Year: 2019	Year: 2018	
Property Taxes	3110		\$4,947,752.95	\$2,384.00	\$473.00	
Resident Taxes	3180					
Land Use Change Taxes	3120					
Yield Taxes	3185		\$2,711.92			
Excavation Tax	3187					
Other Taxes	3189		\$286,656.45			
Property Tax Credit Balance			(\$250.00)			
Other Tax or Charges Credit Balance						

Taxes Committed This Year	Account	Levy for Year of this Report		Prior Levies	
		2020			
Property Taxes	3110	\$8,413,946.50	\$8,868,178.50		
Resident Taxes	3180				
Land Use Change Taxes	3120				
Yield Taxes	3185	\$15,373.65	\$6,677.76		
Excavation Tax	3187	\$60.00	\$15.12		
Other Taxes	3189		\$2,024,047.76		
Special Warrants	#3110	\$63.84	\$27,473.27		

Overpayment Refunds	Account	Levy for Year of this Report		Prior Levies	
		2020		2019	2018
Property Taxes	3110	\$19,233.89	\$56,099.25	\$6,892.33	\$6,818.00
Resident Taxes	3180				
Land Use Change Taxes	3120				
Yield Taxes	3185				
Excavation Tax	3187				
Interest and Penalties on Delinquent Taxes	3190	\$1,142.08	\$58,840.75	\$4,934.00	
Interest and Penalties on Resident Taxes	3190				
<b>Total Debits</b>		<b>\$8,449,819.96</b>	<b>\$16,278,203.73</b>	<b>\$14,210.33</b>	<b>\$7,291.00</b>

Credits					
Remitted to Treasurer		Levy for Year of this Report		Prior Levies	
		2020		2019	2018
Property Taxes		\$1,864,294.15	\$13,107,516.71	(\$427.67)	
Resident Taxes					
Land Use Change Taxes					
Yield Taxes		\$14,397.29	\$9,389.68		
Interest (Include Lien Conversion)		\$1,142.08	\$71,335.05		
Penalties			\$1,148.05		
Excavation Tax		\$66.00	\$15.12		
Other Taxes			\$1,588,576.18		
Conversion to Lien (Principal Only)			\$597,443.95		
Special Warrants		\$63.84	\$22,243.30	\$4,933.00	
Discounts Allowed					

Abatements Made	Levy for Year of this Report	Prior Levies		
		2020	2019	2018
Property Taxes		\$159,817.36	\$9,705.00	\$6,818.00
Resident Taxes				
Land Use Change Taxes				
Yield Taxes				
Excavation Tax				
Other Taxes		\$4,787.00		
Special Warrants		\$1,605.73		
Current Levy Deeded				



The year 2021 made 79 years the Berlin Regional Airport has been at its present location. Many changes have been made throughout the years.

- Extending the runway from 5,004 to 5,200 feet.
- Replacing 6 older beacon on wooden utility poles with galvanized steel towers with remote control light replacement.
- Higher weight bearing runway to accept heavier aircraft.
- High intensity runway edge lighting.
- New maintenance building for snow removal equipment.
- Two new snow remover vehicles and a snow blower attachment.
- 12,000-gallon Jet-A fuel tank.
- Rotating beacon and LED lighted wind sock. Both are tip down poles for easier maintenance.



As we move forward this summer's capital improvement project will be constructing fencing and gates along the East Side River road. The main gate will have a pass code or smart phone entry.

Looking forward for our 80th year of operation.

Respectfully Submitted,

Marcel Leveille  
Airport Manager

**CITY OF BERLIN, NEW HAMPSHIRE**  
**Financial Statements**  
**With Schedule of Expenditures of Federal Awards**  
**June 30, 2021**  
**and**  
**Independent Auditor's Report**

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards***

**Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance  
Required by the Uniform Guidance**

**Schedule of Findings and Questioned Costs**

**CITY OF BERLIN, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**June 30, 2021**

**TABLE OF CONTENTS**

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS	i-xiii
<b>BASIC FINANCIAL STATEMENTS</b>	
EXHIBITS:	
A Statement of Net Position	1
B Statement of Activities	2
C Balance Sheet – Governmental Funds	3
C-1 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4
D Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
D-1 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
E Statement of Net Position – Proprietary Funds	7
F Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	8
G Statement of Cash Flows – Proprietary Funds	9
H Statement of Fiduciary Net Position – Fiduciary Funds	10
I Statement of Changes in Fiduciary Net Position – Fiduciary Funds	11
NOTES TO BASIC FINANCIAL STATEMENTS	12-45
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
SCHEDULES:	
1 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	46
2 Schedule of Changes in the City's Proportionate Share of the Net OPEB Liability	47
3 Schedule of City OPEB Contributions	48
4 Schedule of Changes in the City's Total OPEB Liability and Related Ratios	49
5 Schedule of Changes in the City's Proportionate Share of the Net Pension Liability	50
6 Schedule of City Pension Contributions	51
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	52-53

**CITY OF BERLIN, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**June 30, 2021**

**TABLE OF CONTENTS (CONTINUED)**

	<u>Page(s)</u>
<b>FEDERAL COMPLIANCE</b>	
SCHEDULE:	
I    Schedule of Expenditures of Federal Awards	54-56
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	57
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	58-59
Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	60-61
Schedule of Findings and Questioned Costs	62-64
Corrective Action Plan	65
<b>SUPPLEMENTAL SCHEDULES</b>	
SCHEDULES:	
A    Combining Balance Sheet – Governmental Funds – All Nonmajor Funds	66
A-1  Combining Balance Sheet – Governmental Funds – All Nonmajor Special Revenue Funds	67
B    Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – All Nonmajor Funds	68
B-1  Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – All Nonmajor Special Revenue Funds	69
C    Combining Statement of Net Position – All Nonmajor Proprietary Funds	70
D    Combining Statement of Revenues, Expenses and Changes in Net Position – All Nonmajor Proprietary Funds	71
E    Combining Statement of Cash Flows – All Nonmajor Proprietary Funds	72



## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor, City Council and Manager  
City of Berlin, New Hampshire

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Berlin, New Hampshire (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Berlin, New Hampshire, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the City's proportionate share of the net OPEB liability, schedule of City OPEB contributions, schedule of changes in the City's total OPEB liability and related ratios, schedule of changes in the City's proportionate share of the net pension liability, and schedule of City pension contributions on pages i-xiii and 46-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Berlin, New Hampshire's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Additionally, the combining nonmajor governmental and proprietary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the combining nonmajor governmental and proprietary fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the combining nonmajor governmental and proprietary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2022 on our consideration of the City of Berlin, New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Berlin, New Hampshire's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Berlin, New Hampshire's internal control over financial reporting and compliance.

*Vachon Clukay & Company PC*

Manchester, New Hampshire

November 2, 2022

**City of Berlin, New Hampshire  
Management’s Discussion and Analysis  
Fiscal Year Ended June 30, 2021**

This section of the City of Berlin, New Hampshire’s (the City) financial statements is prepared to comply with the requirements of GASB Statement 34 which requires management of the City to provide a discussion and analysis of the City’s financial performance. It also provides an overview of the City’s financial activities for the fiscal year ended June 30, 2021. As in past years, this narrative should be read in conjunction with the City’s basic financial statements, which begin on page 1.

Financial Highlights – Primary Government

New Standards Implemented:

- GASB Statement #88, Certain Disclosures Related to Debt, was implemented by the City during the year ended June 30, 2021. Under GASB Statement 88 the City further classifies debt into categories such as direct borrowings or direct placements in the notes to the financials and provides further information regarding collateral related to debt.

Government-wide Highlights:

- Net Position: The total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources at fiscal year ending June 30, 2021 by \$23.3 million, a decrease of (\$785) thousand from the prior year. This amount is presented as “Net Position” on the Statement of Net Position for the Total Primary Government (a condensed statement can be seen in the MD&A section of this report on page v).
- Changes in Net Position: The City’s total net position decreased from last fiscal year’s \$24.1 million to \$23.3 million in fiscal year 2021. Net position of governmental activities increased by (\$272) thousand, and net position of the business-type activities decreased by (\$1) million. This is further discussed under the Government-Wide Statement Analysis section of this report.

Fund Highlights:

- Governmental Funds – Fund Balances: As of the close of fiscal year 2021, the City’s governmental funds reported an increase of \$4 million compared to last fiscal year, with a combined ending fund balance of \$7 million at fiscal year end. Included in the combined governmental fund balance is the activity of the City’s General Fund and the Nonmajor Governmental Funds. The General Fund ended the fiscal year with an unassigned fund balance of \$3.7 million, which is an increase of \$2.4 million from the previous fiscal year.
- Proprietary Funds – Net position: As of the close of fiscal year 2021, the City’s proprietary funds reported a decrease of (\$1) million when compared to last fiscal year, with a combined ending net position of \$25.8 million. Included in the combined proprietary funds net position is the activity of the City’s Sewer Fund and the Nonmajor Enterprise Funds. The Sewer Fund ended the fiscal year with an unrestricted net position of \$2.5 million, which is a decrease of (\$2.4) million from the prior fiscal year.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include the following three components:

1. Government-wide financial statements;
2. Fund financial statements, and
3. Notes to the basic financial statements.

This report also contains certain required and other supplementary information in addition to the basic financial statements.

### Government-wide Financial Statements

The government-wide financial statements provide a broad view of the City's finances. These statements (Statement of Net Position and the Statement of Activities) provide both short-term and long-term information about the City's overall financial position. They are prepared using the accrual basis of accounting, which recognizes all revenues and expenses connected with the fiscal year even if cash has not been received or paid.

- The **Statement of Net Position**, found on page 1, presents all of the City's non-fiduciary assets and liabilities. The *difference* between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as "Net Position". Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The **Statement of Activities**, found on page 2, presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned, and unused sick leave). This statement also presents a comparison between direct expenses and program revenues for each function of the City.

The government-wide financial statements have separate sections for three types of City activities. These three types of activities are:

- **Governmental Activities:** The activities in this section represent most of the City's basic services and are generally supported by taxes, grants and intergovernmental revenues. The governmental activities of the City include general government, public safety, airport/aviation center, highways and streets, health and welfare, sanitation, culture and recreation, education, food service, economic development, and debt service.
- **Business-type Activities:** These activities are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the City include the operations of the:
  - Sewer Fund
  - BIDPA (Berlin Industrial Development and Park Authority Fund)
  - Cates Hill Landfill Fund

- Component Unit: A component unit is an entity that is legally separate from the City, but for which the City is financially accountable. The financial data for the Berlin Water Works, the City's only component unit, has been included in the City's government-wide financial statements, as required. Complete financial statements for the Berlin Water Works can be obtained by writing to the Board of Commissioners, 55 Willow Street, Berlin, NH 03570.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the individual parts of the City government and report on the City's operations in more detail than the government-wide statements. The City's funds are divided into 3 categories—governmental, proprietary and fiduciary. For governmental and proprietary funds, only those funds that are considered major funds are reported in individual columns in the Fund Financial Statements. The combining schedules included in the Supplementary Section of the report are to support the non-major activities. Fiduciary Funds are reported by fiduciary type (private-purpose trusts and custodial funds).

- Governmental Funds: Most of the basic services provided by the City are financed through governmental funds. Unlike the government-wide financial statements, the governmental fund financial statements report using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The basic governmental fund financial statements can be found on pages 3 and 5.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented here with similar information presented in the governmental-wide financial statements. Reconciliations are provided between the Governmental Fund Statements and the Government-Wide Statements, which can be found on pages 4 and 6.

The City has one major governmental fund; the General Fund. Individual fund data for each of the City's nonmajor governmental funds is provided as supplementary information in the combining statements found on pages 66-69. The nonmajor governmental funds are:

- Federal Projects Fund
  - Food Service Fund
  - Airport Authority Fund
  - Recreation and Parks Programs Fund
  - Grants Fund
  - Capital Projects Fund
  - Permanent Funds
- Proprietary Funds: The City's proprietary funds provide goods and services to the general public and charge a user fee. These activities are reported in one major fund, the Sewer Fund, and two nonmajor proprietary funds -
    - Cates Hill Landfill Fund
    - Berlin Industrial Park and Development Authority (BIDPA) Fund

Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. Therefore, reconciliation is not necessary between the government-wide financial statements for business-type activities and the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 7-9, with individual fund data for each of the City's nonmajor proprietary funds provided as supplementary information in the combining statements found on pages 70-72.

- Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds in that they use the accrual basis of accounting. The City's fiduciary funds on pages 10-11 include the:
  - Berlin Trust Fund (Private-Purpose Trust)
  - Miles Scholarship Trust Fund (Private-Purpose Trust)
  - Elaine Hardy Scholarship Fund (Private-Purpose Trust)
  - Library Trust Fund (Private-Purpose Trust)
  - Irene Markovich Scholarship Fund (Private-Purpose Trust)
  - Jericho Wind-power Custodial Fund

#### Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 12-45.

#### Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for each of the City's major governmental funds with a legally adopted budget (General Fund only) and includes a reconciliation between the reported activity of the revenues, expenditures and other financing sources and uses for budgetary purposes (Schedule 1, page 46) and the activity as presented in the governmental fund financial statements (Exhibit D, page 5). Also, included in the required supplementary information is the schedule of changes in the City's proportionate share of the net OPEB liability, schedule of City OPEB contributions, schedule of changes in the City's total OPEB liability and related ratios, schedule of changes in the City's proportionate share of the net pension liability, and schedule of City pension contributions (Schedules 2-6, pages 47-51). The notes to the required supplementary information can be found on pages 52-53.

#### Other Supplementary Information

Other supplementary information includes the schedule of expenditures of federal awards and combining financial statements for nonmajor governmental and proprietary funds.



GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The City’s Primary Government combined net position (governmental and business-type activities) totaled \$23.3 million at the end of fiscal year 2021, a decrease of (\$1) million compared to the end of the previous fiscal year.

Net position of the City as of June 30, 2021 and 2020 is as follows (amounts reported in millions):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Capital assets, net	\$ 33.3	\$ 34.4	\$ 32.1	\$ 32.6	\$ 65.4	\$ 67.0
Other assets	10.2	7.7	9.2	9.9	19.4	17.6
Total Assets	<u>43.5</u>	<u>42.1</u>	<u>41.3</u>	<u>42.5</u>	<u>84.8</u>	<u>84.6</u>
Total Deferred Outflows of Resources	<u>10.5</u>	<u>5.3</u>	<u>0.4</u>	<u>0.2</u>	<u>10.9</u>	<u>5.5</u>
Long-term liabilities	49.6	43.6	14.4	15.4	64.0	59.0
Other liabilities	1.8	1.2	1.3	0.3	3.1	1.5
Total Liabilities	<u>51.4</u>	<u>44.8</u>	<u>15.7</u>	<u>15.7</u>	<u>67.1</u>	<u>60.5</u>
Total Deferred Inflows of Resources	<u>5.1</u>	<u>5.4</u>	<u>0.2</u>	<u>0.1</u>	<u>5.3</u>	<u>5.5</u>
Net position:						
Net investment in capital assets	26.7	26.8	19.0	18.9	45.7	45.7
Restricted	0.6	0.4	2.8	2.3	3.4	2.7
Unrestricted (Deficit)	<u>(29.8)</u>	<u>(30.0)</u>	<u>4.0</u>	<u>5.7</u>	<u>(25.8)</u>	<u>(24.3)</u>
Total Net Position	<u>\$ (2.5)</u>	<u>\$ (2.8)</u>	<u>\$ 25.8</u>	<u>\$ 26.9</u>	<u>\$ 23.3</u>	<u>\$ 24.1</u>

The largest portion of the City’s net position consists of its investment in capital assets such as land, buildings, equipment, and infrastructure (roads and bridges), less any related outstanding debt used to acquire those assets. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally cannot be used to liquidate these liabilities. An additional portion of the City’s net position represents resources that are subject to external restrictions on how they may be used.

This year the City had a decrease in unrestricted net position of (\$1.5) million from the prior fiscal year. The most significant components affecting the deficit unrestricted net position of the governmental activities at year end is due to the recognition of the City’s proportionate share of the New Hampshire Retirement System’s net other post-employment benefits (OPEB) and pension liabilities and related deferred outflows and inflows of resources in accordance with GASB Statements No. 68 and 75. A deficit unrestricted net position balance is expected to continue into subsequent years as a result of Statements 68 and 75.

## Statement of Activities

Changes in net position for the years ending June 30, 2021 and 2020 are as follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2.1	\$ 2.0	\$ 2.1	\$ 2.1	\$ 4.2	\$ 4.1
Operating grants and contributions	16.6	13.9	-	-	16.6	13.9
Capital grants and contributions	-	1.1	0.1	0.2	0.1	1.3
General revenues:						
Property and other taxes	19.0	17.5	-	-	19.0	17.5
Licenses and permits	1.6	1.5	-	-	1.6	1.5
Intergovernmental	0.7	0.8	-	-	0.7	0.8
Interest and investment earnings	-	0.1	-	0.1	-	0.2
Miscellaneous	0.3	0.3	0.6	-	0.9	0.3
Total revenues	<u>40.3</u>	<u>37.2</u>	<u>2.8</u>	<u>2.4</u>	<u>43.1</u>	<u>39.6</u>
<b>Expenses</b>						
General government	2.8	1.9	-	-	2.8	1.9
Public safety	7.6	6.2	-	-	7.6	6.2
Airport/Aviation center	0.4	0.4	-	-	0.4	0.4
Highways and streets	3.3	3.3	-	-	3.3	3.3
Health and welfare	0.1	0.1	-	-	0.1	0.1
Sanitation	1.0	0.8	-	-	1.0	0.8
Culture and recreation	0.7	0.7	-	-	0.7	0.7
Economic development	-	0.5	-	-	-	0.5
Education	21.2	20.9	-	-	21.2	20.9
Food service	0.6	0.6	-	-	0.6	0.6
Other student	0.1	0.2	-	-	0.1	0.2
Debt service	0.2	0.2	-	-	0.2	0.2
Intergovernmental	2.2	2.0	-	-	2.2	2.0
Sewer	-	-	3.9	3.8	3.9	3.8
Total expenses	<u>40.2</u>	<u>37.8</u>	<u>3.9</u>	<u>3.8</u>	<u>44.1</u>	<u>41.6</u>
Change in net position	0.1	(0.6)	(1.1)	(1.4)	(1.0)	(2.0)
Net position, beginning of year, as restated	<u>(2.6)</u>	<u>(2.2)</u>	<u>26.9</u>	<u>28.3</u>	<u>24.3</u>	<u>26.1</u>
Net position, end of year	<u>\$ (2.5)</u>	<u>\$ (2.8)</u>	<u>\$ 25.8</u>	<u>\$ 26.9</u>	<u>\$ 23.3</u>	<u>\$ 24.1</u>

Property and other taxes brought in \$19 million in revenue. Other major revenues consisted of licenses and permits, charges for services, operating grants and contributions, and capital grants and contributions.

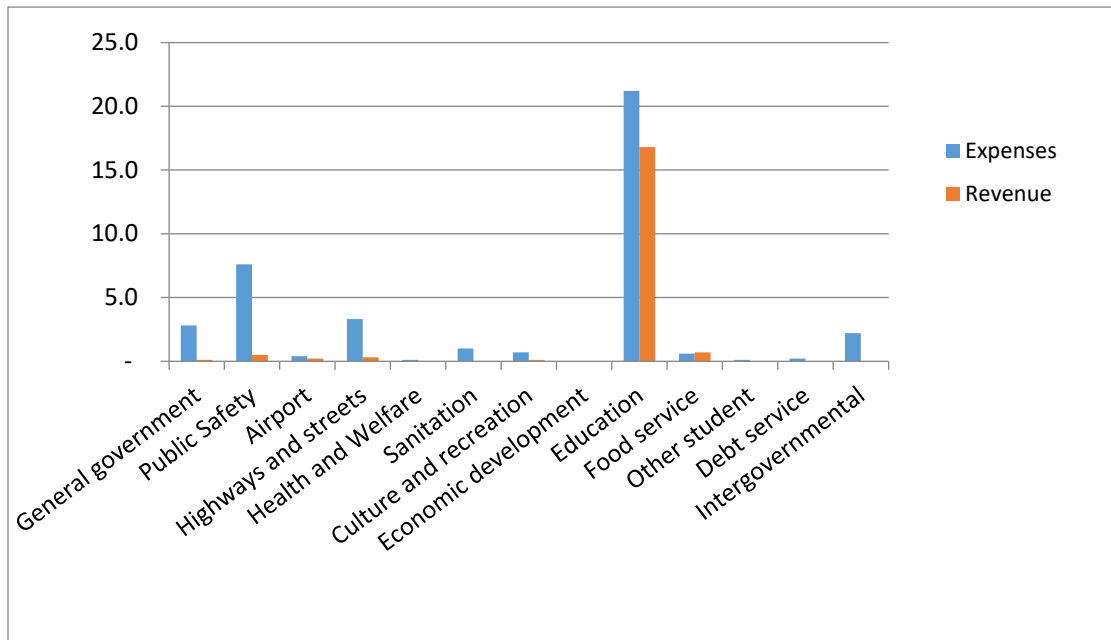
The City's expenses cover a range of services. The largest governmental expenses (excluding business-type activities) were for education (53%), public safety (18%), highways and streets (8%) and general government (6%), which accounted for roughly 85% of total governmental expenditures.

Governmental Activities

Governmental activities revenues of \$40.3 million were exceeded by expenses of \$40.2 million in fiscal year 2021, thereby increasing the City’s governmental activities net position by \$100 thousand.

A comparison of the cost of services by function for the City’s governmental activities with the related program revenues is shown below. Note that some of the largest expenses for the City (Education, Public Safety and General Government) also represent the activities that have the largest gap between expenses and program revenues. Since program revenues do not offset these expenses, the difference is made up from property taxes.

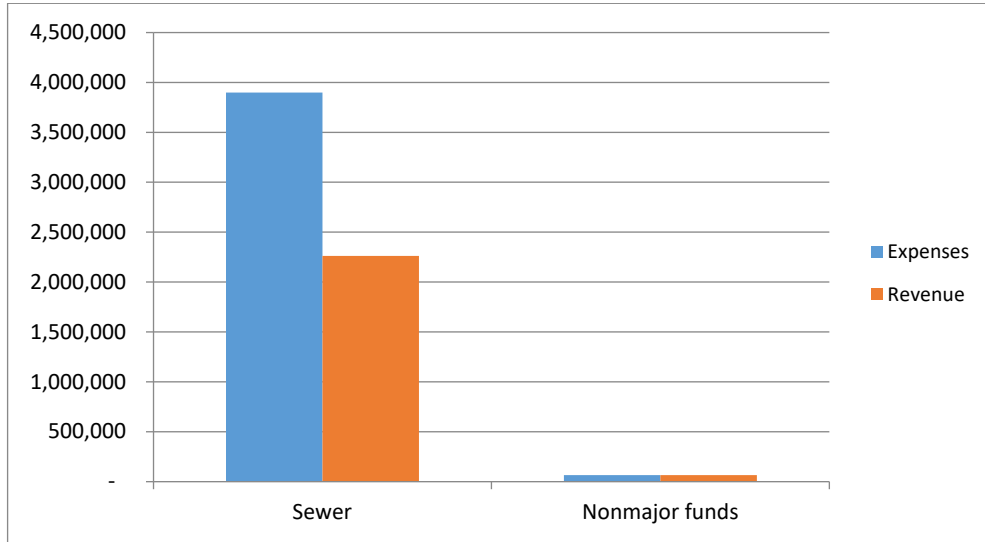
Expenses and Program Revenues – Governmental Activities  
Fiscal Year Ending June 30, 2021



Business-type Activities

The charges for goods and services for the City’s Sewer Fund, the major proprietary fund, were inadequate to cover the operating expenses, which includes depreciation expense. However, this does not include the inflows of capital from State-Aid Grants provided to offset Sewer Debt, Federal Grant Programs and State Revolving Loan Fund Program proceeds.

Expenses and Program Revenues – Business Type Activities  
Fiscal Year Ending June 30, 2021

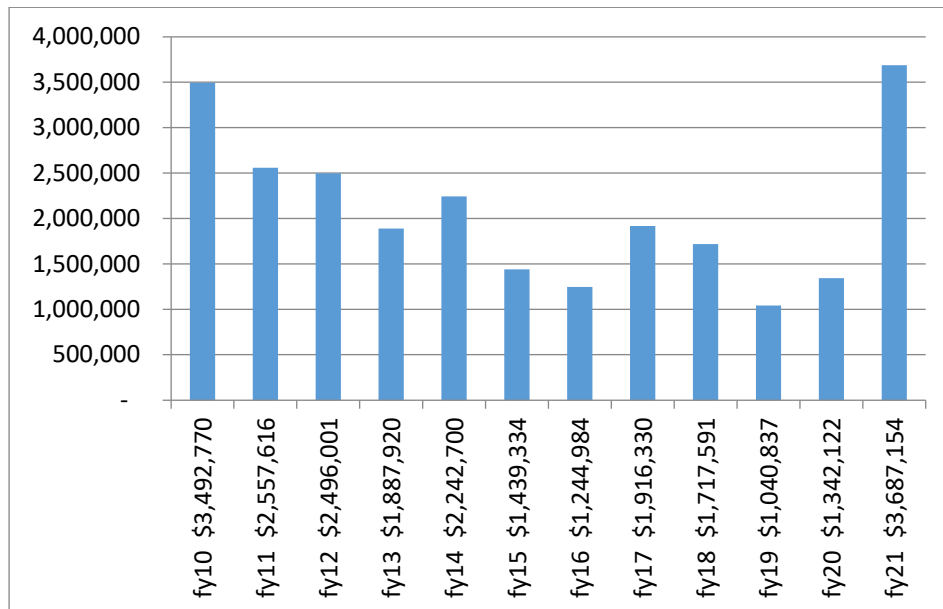


FINANCIAL ANALYSIS OF THE CITY’S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s near-term financing requirements. In particular, the General Fund unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. Unassigned General Fund Balances from fiscal years 2010 through 2021 are as follows:

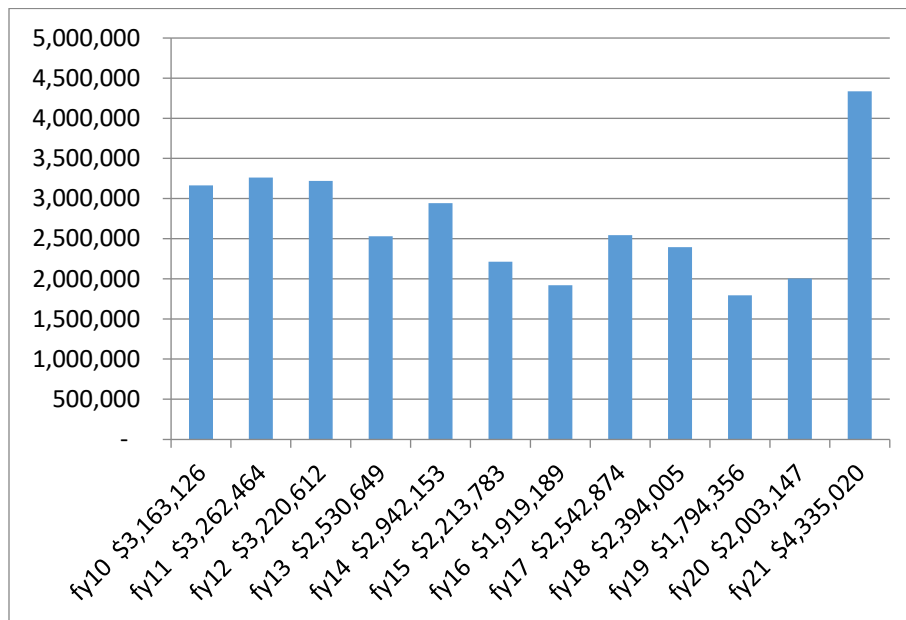


## General Fund

As indicated above, the General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$3,687,154, while total fund balance was \$5,676,869. The total fund balance includes nonspendable balances for prepaid items and tax deeded property, as well as commitments for encumbrances and continuing appropriations at fiscal year-end. The total General Fund unassigned fund balance increased by \$2,345,032 from the previous year.

## Budgetary Basis

The above analysis done in this review has been based on modified accrual accounting basis figures from the audit. This is different than the budgetary basis that the City actually operates on. Accordingly, the chart below provides the General Fund Unassigned Fund Balance for the last ten years on a budgetary basis since these are the figures used by the City in budgeting and the figures the City would actually rely on for decision-making.



As indicated in the above chart, the City's effort in past years to increase its Unassigned Fund Balance was generally successful until the past few years. The difficulty in maintaining unassigned fund balance becomes greater every year, as the City has applied a significant amount of the balance to reduce the tax rate in each of the past five years. For the fiscal year 2021, the General Fund Unassigned Fund Balance has increased to \$4,335,020, with \$400,000 being applied to reduce the 2020 tax rate.

## Other Governmental Funds

The combined fund balances of the nonmajor governmental funds increased during the year by \$897 thousand to a fiscal year end balance of \$1,288,596. The increase was a result of proceeds from note issuance in the Capital Projects Fund of \$1.1 million.

### Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements (accrual basis). Therefore, there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Total net position of the proprietary funds decreased by (\$1) million from the prior year. This decrease was primarily caused by monies collected from sewer user fees being insufficient to offset operating expenses. This is primarily because depreciation does not show up in the City Sewer Fund budget as an expense when determining sewer rates. The Sewer Fund itself had a loss before capital contributions of (\$1,699,451). The Nonmajor Proprietary Funds had a combined net position increase of (\$562,499) in fiscal year 2021.

### GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the original budget was amended by various supplemental appropriations and authorized transfers. A Budget to Actual Schedule for the major governmental fund (the General Fund) required to report budgetary activity can be found in the Required Supplementary Information section on page 46.

Actual budgetary revenues were greater than the budgeted estimated revenues by \$1,059,733. There were favorable variances of \$127,455, \$181,070, \$431,092, and \$380,418 in actual licenses and permits, intergovernmental revenue, charges for services and miscellaneous revenue from the amounts budgeted, respectively, which was somewhat offset by an unfavorable variance in property taxes of (\$47,197). Additionally, there was a unfavorable variance of (\$13,105) in interest income. Actual budgetary expenditures at fiscal year-end were \$2,073,893 less than the final budgeted appropriations. There were no City Departments that were well over budget, while several were significantly under budgeted amounts. The City made a concerted effort to control costs resulting in savings on certain budgeted items. The Schools actual expenditures were \$1,438,952 less than budgeted. Public Safety was \$334,797 less than budgeted and Highway and Streets spent \$338,863 less than budgeted.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounted to \$127 million. Accumulated depreciation was \$62 million leaving a net book value of \$65 million. This investment in capital assets includes equipment, real property, infrastructure, computer software, and construction in progress. Infrastructure assets are items that are normally immovable, of value only to the City, which include roads and bridges. GASB Statement 34 requires assets, including infrastructure, for the City's governmental funds to be reported in the Government-Wide Statements. Additional information on the City's capital assets can be found in Note 4 on pages 23-25 of the Notes to the Basic Financial Statements.

#### Debt Administration

The City may issue general obligation bonds and notes in anticipation of such bonds authorized by the City Council. At the end of the current fiscal year, the City had total bonded debt outstanding of \$19.8 million. This amount does not include unamortized bond premiums or bonded debt

outstanding by the Berlin Water Works, its component unit. The City may issue general obligation debt for the Berlin Water Works (a component unit of the City) and these general obligation bonds are backed by the full faith and credit of the City. Accordingly, this general obligation debt is recognized as a liability of the Berlin Water Works and is not recorded as a long-term obligation of the City. The Berlin Water Works will reimburse the City for direct payments made on its behalf for annual principal and interest on such debt. The City did not make any direct debt service payments on-behalf of the Berlin Water Works in the current year. Outstanding capital leases payable of the governmental activities and business-type activities totaled \$256 thousand and \$89 thousand, respectively, at year end. Additional information regarding the City's long-term debt obligations can be found in Note 5 on pages 25-30 of the Notes to the Basic Financial Statements.

#### Net Pension Liability and Other Post-Employment Benefits

During fiscal year 2015, the City implemented GASB Statement 68 which requires the City to recognize a liability for its proportionate share of the New Hampshire Retirement System's net pension liability. Under GASB Statement 68, the City recognizes pension expense and reports deferred outflows and inflows of resources related to pension for its proportionate share of collective pension expense and collective deferred outflows and inflows of resources related to pension. At current year end, the City had a net pension liability of \$34.1 million, with deferred outflows and inflows of resources related to pension in the amounts of \$9.3 million and \$2.1 million, respectively. Additional information regarding the City's net pension liability can be found in Note 8 on pages 37-41 of the Notes to the Basic Financial Statements.

During fiscal year 2018 the City implemented GASB Statement 75 which requires the City to recognize a liability for its proportionate share of the New Hampshire Retirement System's net OPEB liability in addition to modifying the accounting and measurement methods used to value the City's single employer OPEB plan. Under GASB Statement 75, the City recognizes OPEB expense and reports deferred outflows and inflows of resources related to OPEB for its single employer OPEB plan and for its proportionate share of collective OPEB expense and collective deferred outflows and inflows of resources related to the New Hampshire Retirement System's cost-sharing multi-employer OPEB plan. At year end, the City had a total OPEB liability of \$7.8 million, with total deferred outflows and inflows of resources related to OPEB in the amounts of \$1.5 million and \$1.3 million, respectively. Additional information regarding the City's OPEB liability can be found in Note 7 on pages 31-37 of the Notes to the Basic Financial Statements.

#### ECONOMIC CONDITIONS

The Burgess BioPower biomass plant continues to operate efficiently while providing 29 direct jobs and supporting many more indirect jobs and services.

Jericho Wind Power continues to operate its 5-tower wind farm. The 2.85 mega-watt towers are online and are producing power to the grid.

Smith Hydro, with a 15 MW capacity, is owned by Hull St. Energy and operated by Central Rivers Power, LLC. The plant employs 5 people locally.

Brookfield Renewable operates three hydroelectric facilities in the City; Sawmill – 3.2 MW, Riverside – 7.9 MW and Cross – 3.2 MW. Brookfield employs 12 staff including an administrative assistant, operations manager, planner, project manager and multiple technicians.



Capone Iron Corporation expanded their fabrication space and has added a total of 27 jobs with plans to hire additional employees.

The Gorham Paper Mill continues to operate and improve product lines and actively seek employees. They operate with approximately 75 employees. They are working to decommission their onsite lagoons and studying the feasibility of exploring an innovative way to treat process water through a closed-loop waste treatment system between Berlin, Gorham and the Mill.

The Federal Corrections Institutions current staffing is approximately 215 employees. They continue to actively recruit additional staff.

Androscoggin Valley Hospital continues to develop its association with the other three North Country hospitals in order to improve the quality of services while decreasing costs. AVH currently employs 335 individuals.

North Country Growers LLC, a commercial agricultural enterprise broke ground this spring on their commercial scale greenhouse project. This has been a protracted process for a variety of reasons but is now under active site construction. This enterprise is expected to create 80 jobs.

Recorded residential property sales continue in FY21 and continues to show an increase in sale prices, particularly in multi-unit properties. This has been welcome news as the City has worked toward increasing property values for the last twenty years. There are many factors the City attributes to this growth including efforts focused on reducing over supply and increasing demand through growth activities like outdoor recreation.

The City will start work shortly along the Androscoggin on Upper Main Street for the Riverwalk project. The City obtained grant funding for the Riverwalk in 2016 and will reach substantial completion in Fall 2022. The features of the project are designed to support the operations of the festivals and activities that occur in this area, such as the RiverFire event which attracts several thousand visitors each year.

The State of New Hampshire is continuing the development of its multi-use Jericho Mountain State Park. Included in this development is 300 acres around Jericho Lake that the City donated to the State. The park is a large regional attraction and also attracts visitors from across the country and internationally. The park has a campground with 20 primitive campsites, including 5 cabins, 6 tent sites and 9 RV sites. The State is currently studying the feasibility of expanding the campground. The campground connects to the 75 miles of OHRV trails at the park and serves as the gateway to the 1,000 miles of trails in Coos County known as Ride the Wilds. The park also has a day-use area with a beach for swimming, pavilion, and boat launch. The City ordinance which allows OHRV traffic on all City streets continues to be successful. The OHRV friendly atmosphere has also led to the sale of residential properties in the City as second homes. The City is an active partner in the extremely popular, annual Jericho ATV/OHRV Festival. Each year, the event continues to break attendance records.

Further significant developments, which are occurring on Route 110, include a proposed 170 RV site campground, the marketing of a large old manufacturing plant site which has been cleared for re-use. Renovation of older buildings for commercial development and other land sale activity continue on Route 110. The attraction of a hotel development project is still a priority.

With the marked multi-year upswing in property sale prices and robust overall sale activity continuing over last year, it is evident that the investments in housing stock, ATV recreation and

more traditional employment are now having a significant impact on the economy. The City needs to stay the course in its transformation. The biggest threat continues to be reduced state education aid and a variety of legislative proposals which will hurt the current economic status. Being vigilant in addressing these threats will be important for future economic health.

#### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all Berlin citizens, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: City of Berlin, Department of Finance, 168 Main Street, Berlin, NH 03570.

**EXHIBIT A**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Net Position**  
**June 30, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 6,571,428		\$ 6,571,428	\$ 281,706
Investments	5,084,635		5,084,635	1,671,854
Taxes receivable, net	707,353		707,353	
Accounts receivable, net	729,018	\$ 746,753	1,475,771	154,917
Due from other governments	1,362,872	291,572	1,654,444	
Unbilled user charges			-	441,884
Internal balances	(4,725,099)	4,725,099	-	
Prepaid items	79,989	826	80,815	
Inventory	27,253	98,876	126,129	266,408
Tax deduced property	382,961		382,961	
<b>Total Current Assets</b>	<u>10,220,410</u>	<u>5,863,126</u>	<u>16,083,536</u>	<u>2,816,769</u>
<b>Noncurrent Assets:</b>				
Due from other governments		3,323,768	3,323,768	
<b>Capital assets:</b>				
Non-depreciable capital assets	1,443,534	557,638	2,001,172	493,423
Depreciable capital assets, net	31,868,229	31,610,953	63,479,182	36,874,652
<b>Total Noncurrent Assets</b>	<u>33,311,763</u>	<u>35,492,359</u>	<u>68,804,122</u>	<u>37,368,075</u>
<b>Total Assets</b>	<u>43,532,173</u>	<u>41,355,485</u>	<u>84,887,658</u>	<u>40,184,844</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on debt refunding		28,181	28,181	
Deferred outflows related to OPEB	1,417,335	106,287	1,523,622	70,622
Deferred outflows related to pension	9,106,163	225,025	9,331,188	278,836
<b>Total Deferred Outflows of Resources</b>	<u>10,523,498</u>	<u>359,493</u>	<u>10,882,991</u>	<u>349,458</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	223,168	658,460	881,628	19,188
Accrued liabilities	817,855	118,812	936,667	54,099
Advances from grantors	133,520		133,520	
Unearned revenue	27,973		27,973	
Refundable deposits	1,623		1,623	
Current portion of bonds payable	235,000	494,306	729,306	
Current portion of notes payable	98,747		98,747	566,639
Current portion of capital leases payable	82,499	28,780	111,279	
Current portion of compensated absences payable	153,808		153,808	61,427
Current portion of estimated liability for landfill postclosure care costs	7,700	13,600	21,300	
<b>Total Current Liabilities</b>	<u>1,781,893</u>	<u>1,313,958</u>	<u>3,095,851</u>	<u>701,353</u>
<b>Noncurrent Liabilities:</b>				
Bonds payable	6,086,409	12,174,504	18,260,913	
Notes payable	1,001,253		1,001,253	5,539,946
State of New Hampshire revolving loan		327,789	327,789	
Capital leases payable	174,091	60,603	234,694	
Compensated absences payable	1,803,403	155,124	1,958,527	93,690
Accrued longevity payout	33,750		33,750	
Other post-employment benefits (OPEB) liability	7,230,527	608,554	7,839,081	237,991
Net pension liability	33,266,623	867,481	34,134,104	1,024,727
Estimated liability for landfill postclosure care costs	38,500	176,800	215,300	
<b>Total Noncurrent Liabilities</b>	<u>49,634,556</u>	<u>14,370,855</u>	<u>64,005,411</u>	<u>6,896,354</u>
<b>Total Liabilities</b>	<u>51,416,449</u>	<u>15,684,813</u>	<u>67,101,262</u>	<u>7,597,707</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes collected in advance	1,867,206		1,867,206	
Deferred inflows related to OPEB	1,217,374	107,164	1,324,538	72,731
Deferred inflows related to pension	2,091,963	69,464	2,161,427	107,864
<b>Total Deferred Inflows of Resources</b>	<u>5,176,543</u>	<u>176,628</u>	<u>5,353,171</u>	<u>180,595</u>
<b>NET POSITION</b>				
Net investment in capital assets	26,733,764	19,082,609	45,816,373	31,261,490
Restricted	546,171	2,788,000	3,334,171	
Unrestricted (Deficit)	(29,817,256)	3,982,928	(25,834,328)	1,494,510
<b>Total Net Position</b>	<u>\$ (2,537,321)</u>	<u>\$ 25,853,537</u>	<u>\$ 23,316,216</u>	<u>\$ 32,756,000</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT B**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating	Capital	Primary Government			
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Governmental Activities:</b>								
General government	\$ 2,778,989	\$ 87,622	\$ 14,315		\$ (2,677,052)		\$ (2,677,052)	
Public safety	7,643,012	133,510	424,134		(7,085,368)		(7,085,368)	
Airport/Aviation center	401,479	165,987	26,853		(208,639)		(208,639)	
Highways and streets	3,367,296	59,722	228,641		(3,078,933)		(3,078,933)	
Health and welfare	80,233	2,827			(77,406)		(77,406)	
Sanitation	1,065,978	25,458			(1,040,520)		(1,040,520)	
Culture and recreation	701,828	21,906	10,000	\$ 33,630	(636,292)		(636,292)	
Economic development	33,530		32,995		(535)		(535)	
Education	21,200,084	1,605,834	15,219,580		(4,374,670)		(4,374,670)	
Food service	629,905	17,589	678,994		66,678		66,678	
Other student	103,202				(103,202)		(103,202)	
Interest and fiscal charges	202,997				(202,997)		(202,997)	
Intergovernmental	2,211,284				(2,211,284)		(2,211,284)	
Total governmental activities	<u>40,419,817</u>	<u>2,120,455</u>	<u>16,635,512</u>	<u>33,630</u>	<u>(21,630,220)</u>	<u>\$ -</u>	<u>(21,630,220)</u>	
<b>Business-type activities:</b>								
Sewer	3,898,134	2,182,329		78,976		(1,636,829)	(1,636,829)	
Nonmajor enterprise funds	66,871					(66,871)	(66,871)	
Total business-type activities	<u>3,965,005</u>	<u>2,182,329</u>	<u>-</u>	<u>78,976</u>	<u>-</u>	<u>(1,703,700)</u>	<u>(1,703,700)</u>	
Total primary government	<u>\$ 44,384,822</u>	<u>\$ 4,302,784</u>	<u>\$ 16,635,512</u>	<u>\$ 112,606</u>	<u>(21,630,220)</u>	<u>(1,703,700)</u>	<u>(23,333,920)</u>	
<b>Component unit:</b>								
Water	\$ 2,928,496	\$ 2,548,736		\$ 1,868,019			\$ 1,488,259	
Total component unit	<u>\$ 2,928,496</u>	<u>\$ 2,548,736</u>	<u>\$ -</u>	<u>\$ 1,868,019</u>			<u>1,488,259</u>	
<b>General revenues:</b>								
Property and other taxes					19,022,657		19,022,657	
Licenses and permits					1,619,055		1,619,055	
<b>Grants and contributions:</b>								
Rooms and meals tax distribution					514,478		514,478	
Municipal aid					232,281		232,281	
Interest and investment earnings					54,986	10,983	65,969	3,049
Miscellaneous					625,347	634,741	1,260,088	90,019
Contributions to permanent fund principal					6,952		6,952	
Net loss on disposal of capital assets					(330,063)		(330,063)	
Total general revenues, contributions to permanent fund principal, and net loss on disposal of capital assets					<u>21,745,693</u>	<u>645,724</u>	<u>22,391,417</u>	<u>93,068</u>
Change in net position					115,473	(1,057,976)	(942,503)	1,581,327
Net Position at beginning of year, as restated					(2,652,794)	26,911,513	24,258,719	31,174,673
Net Position at end of year					<u>\$ (2,537,321)</u>	<u>\$ 25,853,537</u>	<u>\$ 23,316,216</u>	<u>\$ 32,756,000</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT C**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 6,357,375	\$ 214,053	\$ 6,571,428
Investments	4,711,289	373,346	5,084,635
Taxes receivable, net	707,353		707,353
Accounts receivable	729,018		729,018
Due from other governments		1,362,872	1,362,872
Due from other funds	1,311,794	845,426	2,157,220
Prepaid items	461,834	20,469	482,303
Inventory		27,253	27,253
Tax deeded property	382,961		382,961
Total Assets	<u>14,661,624</u>	<u>2,843,419</u>	<u>17,505,043</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 14,661,624</u>	<u>\$ 2,843,419</u>	<u>\$ 17,505,043</u>
LIABILITIES			
Accounts payable	\$ 147,284	\$ 75,884	\$ 223,168
Accrued liabilities	755,903		755,903
Advances from grantors		133,520	133,520
Unearned revenue	16,750	11,223	27,973
Refundable deposits	1,623		1,623
Due to other funds	5,548,123	1,334,196	6,882,319
Total Liabilities	<u>6,469,683</u>	<u>1,554,823</u>	<u>8,024,506</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes collected in advance	1,867,206		1,867,206
Uncollected property tax revenue	647,866		647,866
Total Deferred Inflows of Resources	<u>2,515,072</u>	<u>-</u>	<u>2,515,072</u>
FUND BALANCES			
Nonspendable	844,795	211,625	1,056,420
Restricted		1,156,130	1,156,130
Committed	1,144,920	14,032	1,158,952
Assigned		206,624	206,624
Unassigned (Deficit)	3,687,154	(299,815)	3,387,339
Total Fund Balances	<u>5,676,869</u>	<u>1,288,596</u>	<u>6,965,465</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,661,624</u>	<u>\$ 2,843,419</u>	<u>\$ 17,505,043</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT C-1**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2021**

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 6,965,465
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	33,311,763
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	647,866
Prepaid items for debt service requirements reduce long-term liabilities on the accrual basis in the statement of net position, not the modified accrual basis in the funds.	(402,314)
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources related to OPEB	1,417,335
Deferred outflows of resources related to pension	9,106,163
Deferred inflows of resources related to OPEB	(1,217,374)
Deferred inflows of resources related to pension	(2,091,963)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Bonds payable	(6,321,409)
Notes payable	(1,100,000)
Capital leases payable	(256,590)
Accrued interest on long-term obligations	(61,952)
Compensated absences payable	(1,957,211)
Accrued longevity payout	(33,750)
Other post-employment benefits (OPEB) liability	(7,230,527)
Net pension liability	(33,266,623)
Estimated liability for landfill postclosure care costs	<u>(46,200)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ (2,537,321)</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT D**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Taxes	\$ 19,035,816		\$ 19,035,816
Licenses and permits	1,619,055		1,619,055
Intergovernmental	13,427,626	\$ 3,988,275	17,415,901
Charges for services	1,918,872	201,583	2,120,455
Interest income	51,895	3,091	54,986
Miscellaneous	392,918	239,381	632,299
Total Revenues	<u>36,446,182</u>	<u>4,432,330</u>	<u>40,878,512</u>
Expenditures:			
Current operations:			
General government	2,071,545	15,856	2,087,401
Public safety	6,084,326	383,547	6,467,873
Airport/Aviation center		150,636	150,636
Highways and streets	1,869,985	249,733	2,119,718
Health and welfare	73,746		73,746
Sanitation	879,250		879,250
Culture and recreation	601,445	64,520	665,965
Economic development	535	32,995	33,530
Education	17,382,292	2,974,204	20,356,496
Food service		629,905	629,905
Other student		103,202	103,202
Capital outlay	1,352,603	26,813	1,379,416
Debt service:			
Principal retirement	588,986		588,986
Interest and fiscal charges	241,538		241,538
Intergovernmental	2,211,284		2,211,284
Total Expenditures	<u>33,357,535</u>	<u>4,631,411</u>	<u>37,988,946</u>
Excess of revenues over (under) expenditures	<u>3,088,647</u>	<u>(199,081)</u>	<u>2,889,566</u>
Other financing sources (uses):			
Bond issuance		1,100,000	1,100,000
Transfers in	3,771		3,771
Transfers out		(3,771)	(3,771)
Total Other financing sources (uses)	<u>3,771</u>	<u>1,096,229</u>	<u>1,100,000</u>
Net change in fund balances	3,092,418	897,148	3,989,566
Fund Balances at beginning of year	<u>2,584,451</u>	<u>391,448</u>	<u>2,975,899</u>
Fund Balances at end of year	<u>\$ 5,676,869</u>	<u>\$ 1,288,596</u>	<u>\$ 6,965,465</u>

*See accompanying notes to the basic financial statements*



**EXHIBIT D-1**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2021**

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 3,989,566
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense and capital outlays in the current period are as follows:	
Depreciation expense	(1,442,178)
Capital outlays	218,423
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds as follows:	
Property tax revenue	(13,159)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Repayments in the current year are as follows:	
Principal paid on bonds payable	920,000
Principal paid on capital leases payable	79,610
Governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are amortized in the statement of activities over the life of the related debt.	
	38,818
Issuance of long-term debt obligations are reported as other financing sources in the governmental funds, but long-term debt obligations increase long-term liabilities in the statement of net position.	
Note payable issuance	(1,100,000)
Prepayment of bond principal and interest is an asset in the governmental funds, but the repayment of principal reduces long-term liabilities in the statement of net position and the prepayment of interest is expensed in the statement of activities.	
	(402,314)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds, an interest expenditure is reported when due.	
	47,037
Some expenses reported in the statement of activities, do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.	
Compensated absences payable	(128,361)
Accrued longevity payout	(4,750)
Landfill postclosure care costs	7,700
Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.	
Net changes in OPEB	(90,641)
Net changes in pension	<u>(2,004,278)</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 115,473</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT E**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
<b>ASSETS</b>			
Current Assets:			
Accounts receivable	\$ 746,753		\$ 746,753
Due from other governments	224,470	\$ 67,102	291,572
Due from other funds	3,161,057	1,564,042	4,725,099
Prepaid items	826		826
Inventory	98,876		98,876
Total Current Assets	<u>4,231,982</u>	<u>1,631,144</u>	<u>5,863,126</u>
Noncurrent Assets:			
Due from other governments	3,323,768		3,323,768
Capital assets:			
Non-depreciable capital assets	615,587		615,587
Depreciable capital assets, net	31,553,004		31,553,004
Total Noncurrent Assets	<u>35,492,359</u>	<u>-</u>	<u>35,492,359</u>
Total Assets	<u>39,724,341</u>	<u>1,631,144</u>	<u>41,355,485</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on debt refunding	28,181		28,181
Deferred outflows related to OPEB	106,287		106,287
Deferred outflows related to pension	225,025		225,025
Total Deferred Outflows of Resources	<u>359,493</u>	<u>-</u>	<u>359,493</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	658,460		658,460
Accrued liabilities	118,812		118,812
Current portion of bonds payable	494,306		494,306
Current portion of capital lease payable	28,780		28,780
Current portion of estimated liability for landfill postclosure care costs		13,600	13,600
Total Current Liabilities	<u>1,300,358</u>	<u>13,600</u>	<u>1,313,958</u>
Noncurrent Liabilities:			
Bonds payable	12,174,504		12,174,504
State of New Hampshire revolving loan	327,789		327,789
Capital lease payable	60,603		60,603
Compensated absences payable	155,124		155,124
Other post-employment benefits (OPEB) liability	608,554		608,554
Net pension liability	867,481		867,481
Estimated liability for landfill postclosure care costs		176,800	176,800
Total Noncurrent Liabilities	<u>14,194,055</u>	<u>176,800</u>	<u>14,370,855</u>
Total Liabilities	<u>15,494,413</u>	<u>190,400</u>	<u>15,684,813</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to OPEB	107,164		107,164
Deferred inflows related to pension	69,464		69,464
Total Deferred Inflows of Resources	<u>176,628</u>	<u>-</u>	<u>176,628</u>
<b>NET POSITION</b>			
Net investment in capital assets	19,082,609		19,082,609
Restricted for:			
Short-lived asset replacement reserve	2,788,000		2,788,000
Unrestricted	2,542,184	1,440,744	3,982,928
Total Net Position	<u>\$ 24,412,793</u>	<u>\$ 1,440,744</u>	<u>\$ 25,853,537</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT F**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
Operating revenues:			
Charges for services	\$ 2,182,329		\$ 2,182,329
Miscellaneous	5,944	\$ 628,797	634,741
Total Operating revenues	<u>2,188,273</u>	<u>628,797</u>	<u>2,817,070</u>
Operating expenses:			
Personnel services	1,269,777		1,269,777
Contractual services		26,000	26,000
Repairs and maintenance	61,894	36,938	98,832
Administrative	174,175	3,933	178,108
Materials and supplies	398,805		398,805
Utilities	207,866		207,866
Depreciation	1,482,974		1,482,974
Total Operating expenses	<u>3,595,491</u>	<u>66,871</u>	<u>3,662,362</u>
Operating income (loss)	<u>(1,407,218)</u>	<u>561,926</u>	<u>(845,292)</u>
Non-operating revenues (expenses):			
Interest income	10,410	573	10,983
Interest expense	<u>(302,643)</u>		<u>(302,643)</u>
Net Non-operating revenues (expenses)	<u>(292,233)</u>	<u>573</u>	<u>(291,660)</u>
Income (Loss) before capital contributions	(1,699,451)	562,499	(1,136,952)
Capital contributions	<u>78,976</u>		<u>78,976</u>
Change in net position	(1,620,475)	562,499	(1,057,976)
Net Position at beginning of year	<u>26,033,268</u>	<u>878,245</u>	<u>26,911,513</u>
Net Position at end of year	<u>\$ 24,412,793</u>	<u>\$ 1,440,744</u>	<u>\$ 25,853,537</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT G**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 1,749,597		\$ 1,749,597
Cash paid to suppliers	(843,876)	\$ (84,948)	(928,824)
Cash paid to employees	(1,171,313)		(1,171,313)
Other operating cash receipts	324	9,732	10,056
Net cash used by operating activities	<u>(265,268)</u>	<u>(75,216)</u>	<u>(340,484)</u>
Cash flows from capital and related financing activities:			
Proceeds from State of New Hampshire revolving loan	327,789		327,789
Principal paid on long-term debt	(897,812)		(897,812)
Principal paid on capital lease	(27,811)		(27,811)
Interest paid on long-term debt	(378,843)		(378,843)
Capital contributions	299,740		299,740
Proceeds from sale of capital assets		645,000	645,000
Purchases of capital assets	(532,133)		(532,133)
Net cash provided (used) for capital and related financing activities	<u>(1,209,070)</u>	<u>645,000</u>	<u>(564,070)</u>
Cash flows from investing activities:			
Interest on investments	10,410	573	10,983
Net cash provided by investing activities	<u>10,410</u>	<u>573</u>	<u>10,983</u>
Net increase (decrease) in cash and cash equivalents	(1,463,928)	570,357	(893,571)
Cash and cash equivalents at beginning of year	4,624,985	993,685	5,618,670
Cash and cash equivalents at end of year	<u>\$ 3,161,057</u>	<u>\$ 1,564,042</u>	<u>\$ 4,725,099</u>
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	\$ (1,407,218)	\$ 561,926	\$ (845,292)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Gain on sale of assets		(628,797)	(628,797)
Depreciation expense	1,482,974		1,482,974
Change in deferred outflows related to OPEB	(3,987)		(3,987)
Change in deferred outflows related to pension	(125,197)		(125,197)
Change in deferred inflows related to OPEB	101,811		101,811
Change in deferred inflows related to pension	(15,339)		(15,339)
Changes in assets and liabilities:			
Accounts receivable	(438,352)		(438,352)
Due from other governments		5,495	5,495
Prepaid items	(413)		(413)
Inventory	(4,845)		(4,845)
Accounts payable	4,122	(240)	3,882
Accrued liabilities	1,799		1,799
Compensated absences payable	1,525		1,525
Other post-employment benefits (OPEB) liability	(4,950)		(4,950)
Net pension liability	142,802		142,802
Estimated liability for landfill postclosure care costs		(13,600)	(13,600)
Net cash used by operating activities	<u>\$ (265,268)</u>	<u>\$ (75,216)</u>	<u>\$ (340,484)</u>
Non-cash transactions affecting financial position:			
Capital asset additions included in year end liabilities	\$ 602,462		\$ 602,462
Amortization on bond premium	31,855		31,855
Amortization on loss on debt refunding	(5,788)		(5,788)
Net book value of disposed capital assets		\$ 96,203	\$ 96,203
	<u>\$ 628,529</u>	<u>\$ 96,203</u>	<u>\$ 724,732</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT H**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**

	Private- Purpose <u>Trusts</u>	Custodial <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 85,821	
Investments	<u>22,361</u>	\$ 130,179
Total Assets	<u>108,182</u>	<u>130,179</u>
LIABILITIES		
Accounts payable	<u>9,086</u>	<u>          </u>
Total Liabilities	<u>9,086</u>	<u>          -</u>
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	<u>99,096</u>	<u>130,179</u>
Total Net Position	<u>\$ 99,096</u>	<u>\$ 130,179</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT I**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2021**

	Private- Purpose <u>Trusts</u>	Custodial <u>Funds</u>
ADDITIONS:		
Contributions:		
Private donations	\$ 914	
Total Contributions	<u>914</u>	<u>\$ -</u>
Investment earnings:		
Investment income	<u>75</u>	<u>47,940</u>
Total Investment earnings	<u>75</u>	<u>47,940</u>
Motor vehicle fee collections for other governments		<u>470,586</u>
Total Additions	<u>989</u>	<u>518,526</u>
DEDUCTIONS:		
Beneficiary payments to individuals	4,500	
Beneficiary payments to others		1,024
Payments of motor vehicle fees to other governments		<u>470,586</u>
Total Deductions	<u>4,500</u>	<u>471,610</u>
Change in net position	(3,511)	46,916
Net Position at beginning of year	<u>102,607</u>	<u>83,263</u>
Net Position at end of year	<u>\$ 99,096</u>	<u>\$ 130,179</u>

*See accompanying notes to the basic financial statements*

**CITY OF BERLIN, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Berlin, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

***Financial Reporting Entity***

The City of Berlin, New Hampshire (the City) was incorporated in 1829. The City operates under the City Council/City Mayor form of government and performs local governmental functions as authorized by its charter.

The financial statements include those of the various departments governed by the City Council and other officials with financial responsibility.

Governmental Accounting Standards Board Statement No. 14 (as amended by GASB No. 39 and No. 61) requires that all component units for which the City maintains financial oversight and a financial benefit or burden relationship be included in the financial statements. Oversight responsibility is derived from a number of criteria including financial interdependency, selection of governing authority, designation of management, ability to influence operations and accountability for fiscal matters. The relative importance of each criterion must be evaluated in light of specific circumstances.

Although the decision to include or exclude a component unit is left to the professional judgment of local responsible officials, a positive response to any of the criteria requires that the specific reason for excluding the component unit be disclosed.

**Discretely Presented Component Unit**

The component unit column in the government-wide financial statements includes the financial data of the City's component unit, the Berlin Water Works. The Berlin Water Works financial data is reported in a separate column to emphasize that they are separate from the City and to allow financial statement users to distinguish between the primary government and the component unit.

The Berlin Water Works, which was incorporated as a body politic in 1925, is included because the Mayor, with confirmation of the City Council, appoints the Water Commissioners, and debt may be issued by the City on behalf of the Berlin Water Works. Additionally, debt issued by the Berlin Water Works is backed by the full faith and credit of the City.

Separately issued financial statements of the Berlin Water Works may be obtained by writing to their Board of Commissioners at 55 Willow Street, Berlin, New Hampshire 03570-1883.

***Basis of Presentation***

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.



**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

**1. Government-Wide Financial Statements:**

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government and its component unit, except for fiduciary funds.

The statement of net position presents the financial conditions of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

**2. Fund Financial Statements:**

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

***Fund Accounting***

The City uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**1. Governmental Funds:**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following is the City's sole major governmental fund:

The *General Fund* is the main operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

**2. Proprietary Funds:**

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The City has no internal service funds. The following is the City's sole major proprietary fund:

The *Sewer Fund* accounts for all revenues and expenses pertaining to the City's wastewater operations.

The Sewer Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation) of providing goods or services to the residents on a continuing basis are financed or recovered primarily through user charges.

**3. Fiduciary Funds:**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City maintains various private-purpose trust funds which account for monies designated to benefit individuals within the City. The City's custodial funds are held and administered by the City for the benefit of others. Therefore, assets of the custodial funds are not available to support the City or its programs. The City's custodial funds account for deposits held for the future decommissioning of privately funded wind turbines located within the City and motor vehicle fees collected on behalf of the State of New Hampshire.

***Measurement Focus***

**1. Government-Wide Financial Statements:**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the City and its component unit are included on the Statement of Net Position.

**2. Fund Financial Statements:**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

The fiduciary funds are reported using the economic resources measurement focus.

***Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

**1. Revenues – Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 13). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, charges for services and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Grants received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, property taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

**2. Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

***Budgetary Data***

The City's budget represents functional appropriations as authorized by annual or special City Council meetings. The City Council may transfer funds between operating categories as they deem necessary. The City adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the fiscal year ended June 30, 2021, the City applied \$400,000 of its unassigned fund balance to reduce taxes.

***Cash and Cash Equivalents***

The City pools its cash resources for the governmental and proprietary funds. Cash applicable to a particular fund is reflected as an interfund balance. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following:

	<u>Due from other funds</u>
Proprietary Funds:	
Sewer Fund	\$ 3,161,057
Nonmajor Enterprise Funds	<u>1,564,042</u>
Total cash and cash equivalents	<u>\$ 4,725,099</u>

***Investments***

Investments are stated at their fair value in all funds. Certificates of deposit and repurchase agreements with a maturity of greater than ninety days from the date of issuance are included in investments.

***Taxes Receivable***

Taxes levied during the current fiscal year and prior and uncollected at June 30, 2021 are recorded as receivables net of reserves for estimated uncollectible taxes of \$602,691.

***Due from Other Governments***

Receivables due from other governments at June 30, 2021 consist of various federal and state funding programs and reimbursements due from other local governmental units for services performed by the City. All receivables are considered collectible in full. Due from other governments in the Sewer Fund consists of state aid grant reimbursements which are to be received over the life of the related state debt, and as such, are classified as both current and noncurrent receivables in the amounts of \$224,470 and \$3,323,768, respectively.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items.

***Inventory***

On government-wide and proprietary fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventory in governmental funds consists of food supplies held for consumption. The cost of inventory items is recorded as expenditures in the governmental fund types when initially purchased.

***Note Receivable***

During December 2013, the City was awarded a Community Development Block Grant, the purpose of which was to sub-grant the funds to a sub-recipient for renovation costs associated with converting a City property into affordable elderly housing. As part of the grant agreement, the City transferred the converted property to the sub-recipient in exchange for a note receivable in the amount of \$480,000. Annual interest will be at 0% for the entire term of the note. The principal balance of the note shall become due and payable in full the earlier of transfer of property to an entity not controlled by the sub-recipient or 20 years from the date on which the project is placed in service for federal tax purposes, but in no event later than December 31, 2034. Additionally, the note is secured by certain covenants that require 100% of persons or households residing in the property to be low and moderate-income households. As of June 30, 2021, the City does not intend to collect on this balance and believes that payment in the event of default by the sub-recipient is unlikely. Accordingly, the City has recorded an allowance for uncollectible accounts in the governmental activities for the entire \$480,000 note balance.

***Capital Assets***

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the governmental fund financial statements. In the government-wide financial statements, capital assets are reported in the applicable governmental or business-type activities column.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The City maintains a capitalization threshold of \$10,000. The City's infrastructure consists of roads, bridges, sidewalks, sewer collection and treatment systems, and similar items. The City does not possess any intangible assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

	<u>Description</u>	<u>Years</u>
	Infrastructure	10-50
	Land improvements	5-30
	Buildings and improvements	5-60
	Vehicles and equipment	3-30

***Loss on Debt Refunding***

Debt refunding that results in a difference between the reacquisition price of old debt and the net carrying value of the old debt has been reported in the accompanying financial statements as a loss on debt refunding. The loss on debt refunding is amortized as a component of interest expense over the remaining life of the related refunding debt using the effective interest rate method.

***Bond Premiums***

Bond premiums are amortized as a component of interest expense over the life of the related bond using the effective interest rate method. Bonds payable are reported in the accompanying financial statements gross of any applicable unamortized bond premiums.

***Compensated Absences and Accrued Longevity Payout***

Employees earn vacation and sick leave as they provide services. Provision is made in the annual budget for vacation and sick leave. Pursuant to City personnel policy and collective bargaining agreements, employees may accumulate (subject to certain limitations) unused sick pay earned and, upon retirement, resignation, or death, will be compensated for such amounts at current rates of pay. Vacation leave accrued and unused at year end, must be taken within the following year or is forfeited.

Pursuant to a collective bargaining agreement between the City and a certain local union, eligible employees who retire, resign, or otherwise leave employment in good standing, may receive a one-time severance longevity payment based upon completed years of service at the rate of \$250 per year. To be eligible, the employee must have completed at least 10 years of continuous service to the City.

For governmental fund financial statements, compensated absences and accrued longevity payouts are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death, resignation or retirement. The entire compensated absences and accrued longevity payout liabilities are reported on the government-wide and proprietary fund financial statements.

***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. However, compensated absences and accrued longevity payouts that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year. General obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

***Postemployment Benefits Other Than Pensions (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

***Net Position***

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

***Fund Balance Policy***

The City has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- ***Nonspendable Fund Balance***: Amounts that are not in a spendable form or are required to be maintained intact.
- ***Restricted Fund Balance***: Amounts that can only be spent for specific purposes stipulated by external resource providers or by enabling legislation. Restrictions may be changed or lifted only with the consent of the external resource providers or the enabling legislation.
- ***Committed Fund Balance***: Amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority (City Council Resolutions). Commitments may be changed or lifted only upon the governing body taking the same formal action that imposed the constraint originally. The resolution must either be approved



**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

- *Assigned Fund Balance*: Amounts the City intends to use for a specific purpose; intent can be expressed by the City Council or City School Board or by an official or body to which the City Council or City School Board delegates the authority. For all governmental funds other than the General Fund, any remaining positive balances are to be classified as ‘Assigned’.
- *Unassigned Fund Balance*: Amounts that are not obligated or specifically designated and is available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit fund balance of another governmental fund is also classified as ‘Unassigned’.

The City Council delegates to the City’s Finance Director the authority to assign amounts to be used for specific purposes. The City’s School Board delegates the authority to assign amounts to the Business Administrator.

Spending Prioritizations

The City’s policy is to first apply restricted resources when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications may be applied, committed resources are to be applied first, followed by assigned amounts and unassigned amounts.

Deficit Fund Balance

At fiscal year-end, if any of the City’s governmental special revenue funds has a deficit unassigned fund balance, the City Manager is authorized to transfer funds from the General Fund to offset the deficit, providing the General Fund has the resources to do so.

Minimum Fund Balance

The City will strive to maintain an unassigned fund balance in its General Fund equal to 8-15% of total annual appropriations of the City (includes City, School Department and County). The City Council has the authority to apply the City’s beginning unassigned fund balance in order to balance the budget and to reduce the subsequent fiscal year property tax rate.

*Interfund Activity*

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Sewer Fund, these revenues represent charges to customers for sales and services. Operating expenses, which include depreciation on capital assets, are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

***Deficit Fund Balance***

At June 30, 2021, the Airport Authority Fund, a Nonmajor Governmental Fund, had a deficit 'Unassigned' fund balance of (\$299,815) and total deficit fund balance of (\$279,346).

**NOTE 3—DEPOSITS AND INVESTMENTS**

Deposits and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 6,571,428
Investments	5,084,635
Statement of Fiduciary Net Position:	
Cash and cash equivalents	85,821
Investments	152,540
Total deposits and investments	<u>\$ 11,894,424</u>

Deposits and investments as of June 30, 2021 consist of the following:

Cash on hand	\$ 3,225
Deposits with financial institutions	11,023,713
Investments	867,486
Total deposits and investments	<u>\$ 11,894,424</u>

The City's investment policy for governmental and proprietary funds requires that deposits be made in federally insured banks chartered under the laws of the State of New Hampshire or the federal government with a branch within the State of New Hampshire. The City limits its investments to the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool in accordance with New Hampshire State law, and federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State to the following investment types: money market accounts, certificates of deposit, repurchase agreements, all other types of interest bearing accounts, or obligations fully guaranteed as to principal and interest by the United States government.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

Responsibility for the investments of the Trust Funds is with the Board of Trustees. Investments of the Student Activities Funds are at the discretion of the School Principals.

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City’s investment policy for managing credit risk is based on the prudent person principal to ensure capital preservation and protection of investment principal while maintaining sufficient liquidity and seeking a fair rate of return.

As of June 30, 2021, the City’s investment in the NHPDIP, a state investment pool, had a fair value balance of \$737,307 and was rated *AAA-m*. Additionally, City investments in fixed income and money market mutual funds had fair value balances of \$20,913 and \$3,966, respectively, at June 30, 2021, and were *unrated*.

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City’s investment policy for assurance against custodial credit risk requires collateralization for all deposits not covered by Federal Depository Insurance. The Trustees of Trust Funds do not have a specific policy regarding custodial credit risk.

Of the City’s deposits with financial institutions at year end, \$11,564,293 was collateralized by securities held by the bank in the bank’s name.

As of June 30, 2021, City investments in the following investment types were held by the same counterparty that was used to buy the securities:

<u>Investment Type</u>	<u>Amount</u>
Equity securities	\$ 105,300
Fixed income mutual funds	<u>20,913</u>
	<u>\$ 126,213</u>

***Investment in NHPDIP***

The City is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials. Financial statements for the NHPDIP can be accessed through the NHPDIP’s website at [www.NHPDIP.com](http://www.NHPDIP.com).

The City’s exposure to derivatives is indirect through its participation in the NHPDIP. The City’s proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

***Fair value Measurement of Investments***

The City categorizes the fair value measurements of its investments within the fair value hierarchy established by accounting principles generally accepted in the United States. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows (in order of priority):

- Level 1 Inputs - Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the City has the ability to access at the measurement date.
- Level 2 Inputs - Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs - Significant unobservable inputs.

As of June 30, 2021, the City's investments measured at fair value, by type, were as follows:

<u>Investment Type</u>	<u>Fair Value Measurements Using:</u>			<u>Totals</u>
	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	
Equity securities	\$ 105,300			\$ 105,300
Fixed income mutual funds	20,913			20,913
	<u>\$ 126,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,213</u>

Equity securities and fixed income mutual funds classified as Level 1 are valued using unadjusted quoted prices in active markets for those securities.

**NOTE 4—CAPITAL ASSETS**

The following is a summary of changes in capital assets of the governmental activities:

	<u>Restated Balance 7/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2021</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,268,025		\$ (81,146)	\$ 1,186,879
Construction in progress	499,286		(242,631)	256,655
Total capital assets not being depreciated	<u>1,767,311</u>	<u>\$ -</u>	<u>(323,777)</u>	<u>1,443,534</u>
Other capital assets:				
Infrastructure	30,723,270			30,723,270
Land improvements	6,099,744	242,631		6,342,375
Buildings and improvements	12,502,089	192,546	(569,221)	12,125,414
Vehicles and equipment	10,905,399	762,112	(85,868)	11,581,643
Total other capital assets at historical cost	<u>60,230,502</u>	<u>1,197,289</u>	<u>(655,089)</u>	<u>60,772,702</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

Less accumulated depreciation for:

Infrastructure	(8,835,207)	(952,264)		(9,787,471)
Land improvements	(3,907,091)	(149,981)		(4,057,072)
Buildings and improvements	(7,047,957)	(239,746)	326,104	(6,961,599)
Vehicles and equipment	(7,672,040)	(506,359)	80,068	(8,098,331)
Total accumulated depreciation	<u>(27,462,295)</u>	<u>(1,848,350)</u>	<u>406,172</u>	<u>(28,904,473)</u>
Total other capital assets, net	<u>32,768,207</u>	<u>(651,061)</u>	<u>(248,917)</u>	<u>31,868,229</u>
Total capital assets, net	<u>\$ 34,535,518</u>	<u>\$ (651,061)</u>	<u>\$ (572,694)</u>	<u>\$ 33,311,763</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 13,769
Public safety	175,419
Airport/Aviation center	224,030
Highways and streets	1,114,659
Health and welfare	812
Sanitation	12,318
Culture and recreation	34,741
Education	<u>272,602</u>
Total governmental activities depreciation expense	<u>\$ 1,848,350</u>

The balance of governmental activities assets acquired through capital leases as of June 30, 2021 is as follows:

Vehicles and equipment	\$ 479,574
Less: Accumulated depreciation	<u>(133,290)</u>
	<u>\$ 346,284</u>

The following is a summary of changes in capital assets of the business-type activities:

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021
Business-type activities:				
Capital assets not depreciated:				
Land	\$ 154,152		\$ (96,203)	\$ 57,949
Construction in progress	<u>93,839</u>	<u>\$ 520,481</u>	<u>(56,682)</u>	<u>557,638</u>
Total capital assets not being depreciated	<u>247,991</u>	<u>520,481</u>	<u>(152,885)</u>	<u>615,587</u>
Other capital assets:				
Infrastructure	39,371,221	627,235		39,998,456
Buildings and improvements	23,174,300			23,174,300
Vehicles and equipment	<u>1,337,449</u>	<u>43,561</u>	<u>(12,500)</u>	<u>1,368,510</u>
Total other capital assets at historical cost	<u>63,882,970</u>	<u>670,796</u>	<u>(12,500)</u>	<u>64,541,266</u>
Less accumulated depreciation for:				
Infrastructure	(11,760,718)	(913,933)		(12,674,651)
Buildings and improvements	(19,130,404)	(463,912)		(19,594,316)
Vehicles and equipment	(626,666)	(105,129)	12,500	(719,295)
Total accumulated depreciation	<u>(31,517,788)</u>	<u>(1,482,974)</u>	<u>12,500</u>	<u>(32,988,262)</u>
Total other capital assets, net	<u>32,365,182</u>	<u>(812,178)</u>	<u>-</u>	<u>31,553,004</u>
Total capital assets, net	<u>\$ 32,613,173</u>	<u>\$ (291,697)</u>	<u>\$ (152,885)</u>	<u>\$ 32,168,591</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

Depreciation expense was charged to proprietary funds as follows:

Sewer Fund	<u>\$ 1,482,974</u>
------------	---------------------

The balance of business-type activities assets acquired through capital leases as of June 30, 2021 is as follows:

Vehicles and equipment	\$ 149,088
Less: Accumulated depreciation	<u>(44,726)</u>
	<u>\$ 104,362</u>

The following is a summary of changes in capital assets of the discretely presented component unit:

	<u>Balance</u> <u>7/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2021</u>
Component unit:				
Capital assets not being depreciated:				
Land	\$ 353,649			\$ 353,649
Construction in progress	11,313	\$ 135,981	\$ (7,520)	139,774
Total capital assets not being depreciated	<u>364,962</u>	<u>135,981</u>	<u>(7,520)</u>	<u>493,423</u>
Other capital assets:				
Infrastructure	41,750,765		(132,112)	41,618,653
Land improvements		15,040		15,040
Buildings and improvements	15,143,088		(490,816)	14,652,272
Machinery and equipment	2,178,889	128,787	(488,389)	1,819,287
Vehicles	303,956			303,956
Total other capital assets at historical cost	<u>59,376,698</u>	<u>143,827</u>	<u>(1,111,317)</u>	<u>58,409,208</u>
Less accumulated depreciation for:				
Infrastructure	(12,323,861)	(844,338)	132,112	(13,036,087)
Land improvements		(1,253)		(1,253)
Buildings and improvements	(7,266,476)	(311,894)	490,816	(7,087,554)
Machinery and equipment	(1,611,107)	(22,197)	488,389	(1,144,915)
Vehicles	(250,847)	(13,900)		(264,747)
Total accumulated depreciation	<u>(21,452,291)</u>	<u>(1,193,582)</u>	<u>1,111,317</u>	<u>(21,534,556)</u>
Total other capital assets, net	<u>37,924,407</u>	<u>(1,049,755)</u>	<u>-</u>	<u>36,874,652</u>
Total capital assets, net	<u>\$ 38,289,369</u>	<u>\$ (913,774)</u>	<u>\$ (7,520)</u>	<u>\$ 37,368,075</u>

Depreciation expense recognized by Berlin Water Works, the component unit, was \$1,193,582.

**NOTE 5—LONG-TERM OBLIGATIONS**

***Changes in Long-Term Obligations***

The changes in the City's long-term obligations for the year ended June 30, 2021 are as follows:

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

	Balance <u>7/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2021</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds payable - direct placements	\$ 7,155,000		\$ (920,000)	\$ 6,235,000	\$ 235,000
Unamortized bond premium	125,227		(38,818)	86,409	
Total Bonds payable	<u>7,280,227</u>	\$ -	(958,818)	6,321,409	235,000
Notes payable - direct placement	-	1,100,000	-	1,100,000	98,747
Capital leases payable	336,200		(79,610)	256,590	82,499
Compensated absences payable	1,828,850	178,358	(49,997)	1,957,211	164,338
Accrued longevity payout	29,000	4,750		33,750	
Total governmental activities	<u>\$ 9,474,277</u>	<u>\$ 1,283,108</u>	<u>\$ (1,088,425)</u>	<u>\$ 9,668,960</u>	<u>\$ 580,584</u>

Payments on the general obligation bonds and capital leases payable of the governmental activities are paid out of the General Fund. Amortization of the governmental activities bond premium is recognized as a component of interest expense on the Statement of Activities (Exhibit B). The compensated absences and accrued longevity payouts will be paid from the governmental fund where the employee's salary is paid.

	Balance <u>7/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2021</u>	Due Within <u>One Year</u>
Business-type activities:					
Bonds payable - direct placements	\$ 13,411,540		\$ (897,812)	\$ 12,513,728	\$ 494,306
Unamortized bond premium	186,937		(31,855)	155,082	
Total Bonds payable	<u>13,598,477</u>	\$ -	(929,667)	12,668,810	494,306
State of New Hampshire revolving loan	-	327,789		327,789	
Capital lease payable	117,194		(27,811)	89,383	28,780
Compensated absences payable	153,599	12,143	(10,618)	155,124	
Total business-type activities	<u>\$ 13,869,270</u>	<u>\$ 339,932</u>	<u>\$ (968,096)</u>	<u>\$ 13,241,106</u>	<u>\$ 523,086</u>

Payments on the general obligation bonds and capital lease payable of the business-type activities are paid out of the Sewer Fund. Amortization of the business-type activities bond premium is recognized as a component of interest expense in the Sewer Fund on the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds (Exhibit F). The compensated absences are solely attributable to, and will be paid from, the Sewer Fund.

	Balance <u>7/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2021</u>	Due Within <u>One Year</u>
Component unit:					
Notes payable	\$ 7,733,390	\$ 7,946,657	\$ (9,573,462)	\$ 6,106,585	\$ 566,639
State of New Hampshire revolving loans	1,403,489	96,511	(1,500,000)	-	
Compensated absences payable	160,578	15,411	(20,872)	155,117	61,427
Total component unit	<u>\$ 9,297,457</u>	<u>\$ 8,058,579</u>	<u>\$ (11,094,334)</u>	<u>\$ 6,261,702</u>	<u>\$ 628,066</u>

Payments on the long-term obligations of the component unit are paid by the Berlin Water Works.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

***General Obligation Bonds***

Governmental Activities:

Bonds payable are from direct placements at June 30, 2021 and are comprised of the following individual issues:

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 6/30/2021</u>
2013 Series C Bonds	\$ 3,971,500	2.85%	August 2025	\$ 1,610,000
2016 Series Bonds	<u>5,500,000</u>	2.65%	July 2036	<u>4,625,000</u>
	<u>\$ 9,471,500</u>			6,235,000
			Add: <i>Unamortized bond premium</i>	<u>86,409</u>
			<b>Total Bonds Payable</b>	<b>\$ <u>6,321,409</u></b>

General obligation bonds are direct obligations of the City, for which its full faith and credit are pledged.

Debt service requirements to retire outstanding general obligation bonds for governmental activities at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2022	\$ 235,000	\$ 157,134	\$ 392,134
2023	615,000	178,626	793,626
2024	645,000	151,603	796,603
2025	665,000	126,006	791,006
2026	690,000	101,962	791,962
2027-2031	1,420,000	356,425	1,776,425
2032-2036	1,615,000	155,621	1,770,621
2037	<u>350,000</u>	<u>4,638</u>	<u>354,638</u>
Sub-total Bonds Payable	6,235,000	1,232,015	7,467,015
Add: <i>Unamortized bond premium</i>	<u>86,409</u>	-	<u>86,409</u>
<b>Total Bonds Payable</b>	<b>\$ <u>6,321,409</u></b>	<b>\$ <u>1,232,015</u></b>	<b>\$ <u>7,553,424</u></b>

Business-type Activities:

Bonds payable are from direct placements at June 30, 2021 and are comprised of the following individual issues:

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 6/30/2021</u>
2014 Rural Utilities Bond #R-1	\$ 6,508,000	2.375%	September 2037	\$ 5,010,378
2014 Rural Utilities Bond #R-2	6,000,000	2.375%	September 2037	4,619,282
2016 State Revolving Loan	240,925	2.0%	December 2035	189,068
2016 Series C Refunding Bonds	<u>3,670,000</u>	1.85%	August 2032	<u>2,695,000</u>
	<u>\$ 16,418,925</u>			12,513,728
			Add: <i>Unamortized bond premium</i>	<u>155,082</u>
			<b>Total Bonds Payable</b>	<b>\$ <u>12,668,810</u></b>



**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

General obligation bonds are direct obligations of the City, for which its full faith and credit are pledged.

Debt service requirements to retire outstanding general obligation bonds for business-type activities at June 30, 2021 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2022	\$ 494,306	\$ 311,789	\$ 806,095
2023	726,072	291,422	1,017,494
2024	748,119	270,375	1,018,494
2025	770,453	248,641	1,019,094
2026	793,081	226,213	1,019,294
2027-2031	4,260,605	816,867	5,077,472
2032-2036	3,689,255	346,927	4,036,182
2037-2038	<u>1,031,837</u>	<u>24,515</u>	<u>1,056,352</u>
Sub-total Bonds Payable	12,513,728	2,536,749	15,050,477
Add: <i>Unamortized bond premium</i>	<u>155,082</u>	<u>-</u>	<u>155,082</u>
Total Bonds Payable	<u>\$ 12,668,810</u>	<u>\$ 2,536,749</u>	<u>\$ 15,205,559</u>

The State of New Hampshire annually reimburses the City for its share of sewer related debt service payments. For the year ended June 30, 2021, the sewer related debt reimbursement was \$299,740.

***General Obligation Notes***

Notes payable are from a direct placement at June 30, 2021 and comprised of the following individual issue:

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 6/30/2021</u>
2020 GO Loan	<u>\$ 1,100,000</u>	2.35%	August 2030	<u>\$ 1,100,000</u>

General obligation notes are direct obligations of the City, for which its full faith and credit is irrevocably pledged to the punctual payment of the principal and interest of this instrument.

Debt service requirements to retire outstanding general obligation notes for governmental activities at June 30, 2021 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2022	\$ 98,747	\$ 26,130	\$ 124,877
2023	101,093	23,785	124,878
2024	103,494	21,383	124,877
2025	105,953	18,925	124,878
2026	108,470	16,408	124,878
2027-2031	<u>582,243</u>	<u>42,142</u>	<u>624,385</u>
Total Notes Payable	<u>\$ 1,100,000</u>	<u>\$ 148,773</u>	<u>\$ 1,248,773</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

Component Unit:

Under state law, the City is required to issue certain general obligation debt for the Berlin Water Works (a component unit of the City). Accordingly, this general obligation debt is recognized as a liability of the Berlin Water Works and is not recorded as a long-term obligation of the City.

Notes payable for the Berlin Water Works at June 30, 2021 are comprised of the following individual issues:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 6/30/2021</u>
General Obligation Note	2.25%	January 2031	<u>\$ 6,106,585</u>

General obligation notes are direct obligations of Berlin Water Works, for which its full faith and credit are pledged and are payable from all revenue raised from collecting and setting water rates for, and/or levying assessments against, its water customers. As well as any and all revenue received from the State of New Hampshire or the United States government or any agency or subdivision thereof, and from any and all unrestricted revenues received from any other source, which in each case may lawfully be used to pay for the expenditures of the Berlin Water Works funded by the Note.

Debt service requirements to retire outstanding general obligation debt for the component unit at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2022	\$ 566,639	\$ 132,639	\$ 699,278
2023	579,496	119,782	699,278
2024	592,645	106,633	699,278
2025	606,093	93,185	699,278
2026	619,845	79,433	699,278
2027-2031	<u>3,141,867</u>	<u>179,704</u>	<u>3,321,571</u>
Total Notes Payable	<u>\$ 6,106,585</u>	<u>\$ 711,376</u>	<u>\$ 6,817,961</u>

Interest expense for the year ended June 30, 2021 was \$166,801 for the Berlin Water Works.

During the year ended June 30, 2021, the Water Works issued \$6,446,657 of notes payable to affect a current refunding for \$7,674,747 of outstanding notes payable (old debt). Net refunding proceeds of \$6,446,657 were used to retire old debt principal of \$7,674,747, including principal forgiveness of \$1,311,627, and old debt interest of \$83,537. The Water Works in effect, reduced its aggregate debt service payments by \$534,197 over the next 10 years.

***State of New Hampshire Revolving Loans***

Business-type Activities:

The City has drawn \$327,789 of \$848,620 in funds under the State of New Hampshire Water Pollution Control Revolving Loan Fund Program for reduction of infiltration and inflow within the City's sewer system. Payments on the State of New Hampshire revolving loan balance are not scheduled to commence until the first anniversary of the scheduled completion date of the project or the date of substantial

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

completion, whichever is earliest. Interest is accrued at 1% during the construction period of the project and is to be paid upon completion of the project within the following year.

***Capital Lease Obligations***

Governmental Activities:

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. The following are the individual capital lease obligations of the governmental activities at June 30, 2021:

<u>Description</u>	<u>Original Obligation</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 6/30/2021</u>
Tractor Lease	\$ 127,920	3.97%	July 2024	\$ 77,824
Loader Lease	234,389	3.43%	December 2023	178,766
				<u>\$ 256,590</u>

Debt service requirements to retire the outstanding capital lease obligations for governmental activities at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2022	\$ 82,499	\$ 9,316	\$ 91,815
2023	85,494	6,321	91,815
2024	88,597	3,217	91,814
	<u>\$ 256,590</u>	<u>\$ 18,854</u>	<u>\$ 275,444</u>

Business-type Activities:

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. The following is the individual capital lease obligation of the business-type activities at June 30, 2021:

<u>Description</u>	<u>Original Obligation</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 6/30/2021</u>
Loader Lease	\$ 117,194	3.43%	December 2023	<u>\$ 89,383</u>

Debt service requirements to retire the outstanding capital lease obligation for business-type activities at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2022	\$ 28,780	\$ 3,113	\$ 31,893
2023	29,783	2,110	31,893
2024	30,820	1,073	31,893
	<u>\$ 89,383</u>	<u>\$ 6,296</u>	<u>\$ 95,679</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

**NOTE 6—OPERATING LEASE**

During the year the City entered into an operating lease agreement for use of two loaders. The lease agreement commenced on April 29, 2021, which includes annual lease payments of \$33,805 for 5 years ending April 29, 2026.

**NOTE 7—OTHER POSTEMPLOYMENT BENEFITS**

***Total OPEB Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and OPEB Expense***

	<u>Deferred Outflows</u>	<u>OPEB Liability</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
Cost-Sharing Multiple Employer Plan	\$ 295,956	\$ 2,297,129	\$ 23,330	\$ 146,526
Single Employer Plan	<u>1,227,666</u>	<u>5,541,952</u>	<u>1,301,208</u>	<u>549,563</u>
Total	<u>\$ 1,523,622</u>	<u>\$ 7,839,081</u>	<u>\$ 1,324,538</u>	<u>\$ 696,089</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$199,084.

**COST-SHARING MULTIPLE EMPLOYER PLAN**

***Plan Description***

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at [www.nhrs.org](http://www.nhrs.org).

The OPEB Plan is divided into four membership types. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. The OPEB plan is closed to new entrants.

***Benefits Provided***

Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two-person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two-person plan.

***Funding Policy***

Per RSA-100-A:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The City's contribution rates for the covered payroll of public safety employees, political subdivision employees and teachers were 3.66%, 0.29% and 1.81%, respectively, for the year ended June 30, 2021. Contributions to the OPEB plan for the City were \$264,641 for the year ended June 30, 2021. Employees are not required to contribute to the OPEB plan.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2021, the City reported a liability of \$2,297,129 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2019. The City's proportion of the net OPEB liability was based on actual contributions by the City during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2020, the City's proportion was approximately 0.5248 percent, which was a decrease of 0.0160 percentage points from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized OPEB expense of \$146,526. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience		\$ 6,656
Net difference between projected and actual earnings on OPEB plan investments	\$ 8,595	
Changes of assumptions	14,770	
Changes in proportion and differences between City contributions and proportionate share of contributions	7,950	16,674
City contributions subsequent to the measurement date	<u>264,641</u>	
Totals	<u>\$ 295,956</u>	<u>\$ 23,330</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

The City reported \$264,641 as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30,</u>	
2021	\$ 41
2022	2,545
2023	3,033
2024	2,366
	<u>\$ 7,985</u>

***Actuarial Assumptions***

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the discount rate from 7.25% to 6.75%
- Reduced wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated demographic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables)
- Increased the medical subsidy margin for teachers from 0.20% to 0.50%

The long-term expected rate of return on OPEB Plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	3.71-4.15%
International equity	20%	3.96-6.20%
Fixed income	25%	0.42-1.66%
Alternative investments	15%	4.81-7.71%
Real estate	10%	2.95%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2020 was 6.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and RSA 100-A:53. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

***Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the City’s proportionate share of the net OPEB liability calculated using the discount rate of 6.75 percent, as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	\$ 2,494,444	\$ 2,297,129	\$ 2,125,823

**SINGLE EMPLOYER PLAN**

***Plan Description***

The City administers the retiree health care benefits program, a single employer defined benefits plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

***Benefits Provided***

The City provides medical and life insurance benefits to its eligible retirees and their covered spouses. Most regular active employees who retire directly from the City and meet the eligibility criteria may participate. The amount the City pays for medical and life insurance premiums for retirees and their spouses varies by employee group. All eligible employees and their spouses are allowed to continue medical coverage under the City plan for the lifetime by paying the required medical premium rates. The following groups of retirees qualify for these benefits. School employees hired before July 1, 2011 are

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

eligible for benefits after (1) attaining age 60 or (2) attaining age 50 with 10 or more years of service or (3) age plus service is at least 70 with 20 or more years of service. School employees hired on or after July 1, 2011 are eligible for benefits after (1) attaining age 65 or (2) attaining age 60 with 30 or more years of service. Employees who are members of OPEIU/Local 345 or the Teamsters and Non-Union Supervisory Employees/Local 633 are eligible at age 62 with 10 years of service. Employees who are members of Local 1444 are eligible at age 62. Police and Fire employees are eligible for benefits after 20 years of service. Retired employees contribute 100% of the total premium cost, except for the following groups: for members of OPEIU/Local 345 and the Teamsters and Non-Union Supervisory Employees/Local 633 the City pays the full cost of single coverage from age 62 to 65 and for members of Local 1444 the City pays 80% of coverage from age 62 to 65. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50.

***Employees Covered By Benefit Terms***

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	177
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>253</u>
	<u>430</u>

***Total OPEB Liability***

The City's total OPEB liability of \$5,541,952 was measured as of June 30, 2021, and was determined by a roll forward of the actuarial valuation as of July 1, 2020.

***Actuarial Assumptions and Other Inputs for OPEB***

The total OPEB liability in the July 1, 2020 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Discount rate	2.16%
Healthcare cost trend rates	7% for 2020, decreasing 0.4% per year to 5.4% then grading down to an ultimate trend rate of 4.0% in 2075

The discount rate was based on the Bond Buyer 20-Bond GO Index published on June 30, 2021.

Mortality rates for active employees were based on the PubG-2010 headcount-weighted Employee General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019. Mortality rates for retirees were based on the 101% of PubG-2010 headcount-weighted Retiree General Mortality Tables for males and 109% of PubG-2010 headcount-weighted Retiree General Mortality Tables for females, projected with fully generational mortality improvement using scale MP-2019.



**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

***Changes in the Total OPEB Liability***

	Total OPEB Liability
Balance at June 30, 2020	\$ 6,366,243
Changes for the year:	
Service cost	288,923
Interest	144,341
Changes of benefit terms	-
Differences between expected and actual experience	464,490
Changes in assumptions or other inputs	(1,474,185)
Benefit payments	<u>(247,860)</u>
Net changes	<u>(824,291)</u>
Balance at June 30, 2021	<u>\$ 5,541,952</u>

Changes of assumptions and other inputs reflect a change in the discount rate of 2.21% at June 30, 2020 to 2.16% at June 30, 2021.

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>(1.16%)</u>	<u>(2.16%)</u>	<u>(3.16%)</u>
Total OPEB liability	\$ 6,057,660	\$ 5,541,952	\$ 5,076,973

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate***

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 3.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 5.0 percent) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	<u>(5.5% decreasing to 3.0%)</u>	<u>(6.5% decreasing to 4.0%)</u>	<u>(7.5% decreasing to 5.0%)</u>
Total OPEB liability	\$ 4,921,776	\$ 5,541,952	\$ 6,280,978

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2021, the City recognized OPEB expense of \$549,563. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 413,396	
Changes of assumptions	<u>814,270</u>	<u>\$ 1,301,208</u>
Totals	<u>\$ 1,227,666</u>	<u>\$ 1,301,208</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>June 30,</u>	
2022	\$ 29,217
2023	29,217
2024	33,247
2025	(36,415)
2026	<u>(128,808)</u>
	<u>\$ (73,542)</u>

**NOTE 8—DEFINED BENEFIT PENSION PLAN**

***Plan Description***

The City contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301 or from their website at [www.nhrs.org](http://www.nhrs.org).

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

***Benefits Provided***

Benefit formulas and eligibility requirements for the pension plan are set by State law (RSA 100-A).

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012 the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of <u>January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

***Changes in Benefits***

Ch 340 laws of 2019 (HB 616) grants a one-time, 1.5% COLA on the first \$50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiaries of such member who is receiving a survivorship pension benefit. The COLA will take effect on the retired member's first anniversary date of retirement occurring after July 1, 2020. The adjustment shall become a permanent addition to the member's base retirement allowance.

***Funding Policy***

Covered police officers and fire employees are required to contribute 11.55% and 11.80%, respectively of their covered salary, whereas teachers and general employees are required to contribute 7.0% of their covered salary. The City is required to contribute at an actuarially determined rate. The City's contribution rates for the covered payroll of police officers, fire employees, teachers, and general employees were 24.77%, 26.43%, 15.99%, and 10.88%, respectively. The City contributes 100% of the employer cost for police officers, fire employees, teachers, and general employees of the City.

Per RSA-100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The City's contributions to the NHRS for the year ending June 30, 2021 were \$2,544,394.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2021, the City reported a liability of \$34,134,104 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2019. The City's proportion of the net pension liability was based on actual contributions by the City during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2020, the City's proportion was approximately 0.5337 percent, which was a decrease of 0.0201 percent from its proportion measured as of June 30, 2019.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

For the year ended June 30, 2021, the City recognized pension expense of \$4,555,529. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 921,787	\$ 366,503
Change in assumptions	3,376,540	
Net difference between projected and actual earnings on pension plan investments	2,111,231	
Changes in proportion and differences between City contributions and proportionate share of contributions	377,236	1,794,924
City contributions subsequent to the measurement date	<u>2,544,394</u>	
Totals	<u>\$ 9,331,188</u>	<u>\$ 2,161,427</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of \$7,169,761. The City reported \$2,544,394 as deferred outflows of resources related to pension resulting from City contributions made subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense for the measurement periods as follows:

Year ended <u>June 30,</u>	
2021	\$ 630,676
2022	1,196,534
2023	1,397,364
2024	<u>1,400,793</u>
	<u>\$ 4,625,367</u>

***Actuarial Assumptions***

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2019, using the following actuarial assumptions:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the discount rate from 7.25% to 6.75%
- Reduced wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated demographic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables)

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	3.71-4.15%
International equity	20%	3.96-6.2%
Fixed income	25%	0.42-1.66%
Alternative investments	15%	4.81-7.71%
Real estate	10%	2.95%
Total	<u>100%</u>	

***Discount Rate***

The discount rate used to measure the collective pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

***Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(5.75%)</u>	Current Discount rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
City's proportionate share of the net pension liability	\$ 44,189,773	\$ 34,134,104	\$ 25,917,291

**NOTE 9—LANDFILL POSTCLOSURE CARE COSTS**

State and federal laws and regulations required that the City place final covers on its two landfills when closed and perform certain maintenance and monitoring functions at the landfill sites for thirty years after closure. The East Milan landfill was capped during fiscal year 1997, and the Cates Hill landfill was capped during fiscal year 2005. Estimated liabilities have been recorded based on the future post-closure care costs that will be incurred for the two landfills. The total estimated liability for landfill post-closure care costs for the two landfills has a combined balance of \$236,600 as of June 30, 2021. The estimated liability for the post-closure care costs of the East Milan landfill (\$46,200) and the Cates Hill landfill (\$190,400) have been reported as a liability of the Governmental Activities and the Cates Hill Landfill Proprietary Fund, respectively. The estimated total current cost of the landfill post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfills were acquired as of June 30, 2021. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The closure costs of the East Milan landfill were financed through the issuance of debt under the State of New Hampshire Water Pollution Control Revolving Fund Program. The remaining post-closure care costs for the East Milan landfill are expected to be financed through annual taxation. For the Cates Hill landfill, the City entered into an inter-municipal agreement with surrounding communities for the reimbursement of their share of the closure and post-closure care costs. The remaining post-closure care costs for the Cates Hill landfill are expected to be financed from the motor vehicle surcharges previously collected in the Cates Hill Landfill Fund.

The following is a summary of changes in the estimated liability for post-closure care costs for the year ended June 30, 2021:

	Governmental activities	Business-type activities	Totals
Balance - July 1, 2020	\$ 53,900	\$ 204,000	\$ 257,900
Reductions (actual current year payments)	(15,643)	(14,937)	(30,580)
Change in estimated liability	7,943	1,337	9,280
Balance - June 30, 2021	<u>\$ 46,200</u>	<u>\$ 190,400</u>	<u>\$ 236,600</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

**NOTE 10—INTERFUND BALANCES AND TRANSFERS**

*Interfund Balances*

The City has combined the cash resources of its governmental and proprietary fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2021 are as follows:

	General Fund	Due from Nonmajor Governmental Funds	Totals
Due to			
General Fund		\$ 1,311,794	\$ 1,311,794
Nonmajor Governmental Funds	\$ 823,024	22,402	845,426
Sewer Fund	3,161,057		3,161,057
Nonmajor Enterprise Funds	1,564,042		1,564,042
	<u>\$ 5,548,123</u>	<u>\$ 1,334,196</u>	<u>\$ 6,882,319</u>

*Interfund Transfers*

During the year, the Permanent Funds, a Nonmajor Governmental Fund, transferred \$3,771 to the General Fund, in accordance with the purpose of the cemetery trusts. The transfer was made in accordance with budgetary authorization.

**NOTE 11—RESTRICTED NET POSITION**

Net position of the governmental activities is restricted for specific purposes as follows at June 30, 2021:

Permanent Funds - Principal	\$ 163,903
Permanent Funds - Income	213,101
Capital Projects	35,010
School Private Grants and Contributions	7,206
Food Service Operations	114,869
Police Forfeiture Funds	12,082
	<u>\$ 546,171</u>

**NOTE 12—COMPONENTS OF FUND BALANCE**

The components of the City's fund balance for its governmental funds at June 30, 2021 are as follows:

<u>Fund Balances</u>	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>			
Prepaid items	\$ 461,834	\$ 20,469	\$ 482,303
Tax deeded property	382,961		382,961
Inventory		27,253	27,253
Permanent funds - Principal		163,903	163,903

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

<b>Restricted for:</b>		
Capital projects	808,872	808,872
Permanent funds - Income	213,101	213,101
School private grants and contributions	7,206	7,206
Food service operations	114,869	114,869
Police forfeiture funds	12,082	12,082
<b>Committed for:</b>		
Recreation and parks programs	14,032	14,032
<b>Assigned for:</b>		
Continuing appropriations	1,144,920	1,144,920
Student activity funds	206,624	206,624
<b>Unassigned (Deficit):</b>		
Unassigned - General operations	3,687,154	3,687,154
Airport Authority Fund (Deficit)	(299,815)	(299,815)
	<u>\$ 5,676,869</u>	<u>\$ 6,965,465</u>

**NOTE 13—PROPERTY TAXES**

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$477,951,783 as of April 1, 2020) and are due in two installments on July 8, 2020 and January 6, 2021. Taxes paid after the due dates accrue interest at 8% per annum. On the modified accrual basis of accounting, property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year-end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. Priority tax liens obtained prior to April 1, 2019 accrue interest at 18% per annum. Priority tax liens obtained after April 1, 2019 accrue interest at 14% per annum. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the City.

In accordance with State law, the City collects taxes for Coos County, an independent governmental unit, which are remitted to the County as required by law. Total taxes appropriated to Coos County for the year ended June 30, 2021 were \$2,211,284. The City bears responsibility for uncollected taxes.

**NOTE 14—SIGNIFICANT CONCENTRATION OF PROPERTY TAXES REVENUE**

The following are the five major property owners as they relate to the City's total assessed property valuation of \$477,951,783 (as of April 1, 2020):

<u>Taxpayer</u>	<u>Property Valuation</u>	<u>Percentage of Total Valuation</u>
Eversource	\$ 51,907,500	10.86%
HSE Hydro NH Smith, LLC	48,216,400	10.09%
Great Lakes Hydro America, LLC	27,999,700	5.86%
Portland Natural Gas	19,782,600	4.14%
HKN Brookside LLC	3,400,900	0.71%



**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

**NOTE 15—RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2021, the City was a member of and participated in public entity risk pools (Trusts) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trusts to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trusts foresee no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at June 30, 2021.

***Property and Liability Insurance***

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the City shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$500,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

***Worker's Compensation***

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

**NOTE 16—COMMITMENTS**

***Guaranteed Debt - Component Unit***

Certain debt issued by Berlin Water Works (a component unit of the City) may be backed by the full faith and credit of the City. In the event of a default on payments of any such debt by the Berlin Water Works, the City would be responsible for making the payments. The City does not estimate or anticipate making any guaranteed payments at this time.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2021**

**NOTE 17—CONTINGENT LIABILITIES**

***Litigation***

There may be various claims and suits pending against the City, which arise in the normal course of the City’s activities. In the opinion of City management, any potential claims against the City which are not covered by insurance are immaterial and would not affect the financial position of the City.

***Federal Grants***

The City participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**NOTE 18—RESTATEMENT OF NET POSITION**

During the year ended June 30, 2021, it was determined that capital assets of the governmental activities were understated, as previously reported. The impact on net position of the governmental activities as of July 1, 2020 is as follows:

	Governmental <u>Activities</u>
Net Position - July 1, 2020 (as previously reported)	\$ (2,809,446)
Amount of restatement due to:	
Understatement of capital assets	<u>156,652</u>
Net Position - July 1, 2020, as restated	<u><u>\$ (2,652,794)</u></u>

**NOTE 19—SUBSEQUENT EVENTS**

***Refunding of Debt***

During February 2022, the City issued a general obligation bond in the amount of \$12,039,800 for the purpose of retiring three outstanding general obligations bonds (old debt). The bond refunding impacts both the governmental activities and business-type activities of the City. Terms of the bond payable call for semiannual payments varying in amounts including interest at 2.19%, starting August 2022 through maturity of the bond in February 2038.

***State Revolving Loan Debt***

During July 2022, the City received its final drawdown in the amount of \$520,831 under the State of New Hampshire Water Pollution Control Revolving Loan Fund Program for reduction of infiltration and inflow within the City’s sewer system. The final drawdown brought the project total to \$848,620, the allowable limit under the agreement with the State of New Hampshire, at which time the balance was converted to a note payable. Terms of the note call for annual payments commencing October 2022, including interest at 2.0%, and maturing in October 2041.

**SCHEDULE 1**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis) - General Fund**  
**For the Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 19,069,854	\$ 19,069,854	\$ 19,022,657	\$ (47,197)
Licenses and permits	1,491,600	1,491,600	1,619,055	127,455
Intergovernmental	13,246,556	13,246,556	13,427,626	181,070
Charges for services	1,487,780	1,487,780	1,918,872	431,092
Interest income	65,000	65,000	51,895	(13,105)
Miscellaneous	12,500	12,500	392,918	380,418
Total Revenues	<u>35,373,290</u>	<u>35,373,290</u>	<u>36,433,023</u>	<u>1,059,733</u>
Expenditures:				
Current operations:				
General government	1,990,766	1,990,766	2,071,545	(80,779)
Public safety	6,419,123	6,419,123	6,084,326	334,797
Highways and streets	2,208,848	2,208,848	1,869,985	338,863
Health and welfare	116,940	116,940	73,746	43,194
Sanitation	829,475	829,475	879,250	(49,775)
Culture and recreation	652,885	652,885	601,445	51,440
Economic development	200	200	535	(335)
Education	18,821,244	18,821,244	17,382,292	1,438,952
Capital outlay	2,531,244	1,386,324	1,352,603	33,721
Debt service:				
Principal retirement	564,004	564,004	588,986	(24,982)
Interest and fiscal charges	230,335	230,335	241,538	(11,203)
Intergovernmental	2,211,284	2,211,284	2,211,284	-
Total Expenditures	<u>36,576,348</u>	<u>35,431,428</u>	<u>33,357,535</u>	<u>2,073,893</u>
Excess of revenues over (under) expenditures	<u>(1,203,058)</u>	<u>(58,138)</u>	<u>3,075,488</u>	<u>3,133,626</u>
Other financing sources (uses):				
Transfers in	4,000	4,000	3,771	(229)
Transfers out	<u>(34,171)</u>	<u>(34,171)</u>	<u></u>	<u>34,171</u>
Total Other financing sources (uses)	<u>(30,171)</u>	<u>(30,171)</u>	<u>3,771</u>	<u>33,942</u>
Net change in fund balance	(1,233,229)	(88,309)	3,079,259	3,167,568
Fund Balance at beginning of year				
- Budgetary Basis	<u>3,245,476</u>	<u>3,245,476</u>	<u>3,245,476</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 2,012,247</u>	<u>\$ 3,157,167</u>	<u>\$ 6,324,735</u>	<u>\$ 3,167,568</u>

*See accompanying notes to the required supplementary information*

**SCHEDULE 2**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Changes in the City's Proportionate Share of the Net OPEB Liability**  
**For the Year Ended June 30, 2021**

<b>Cost-Sharing Multiple Employer Plan Information Only</b>					
<u>Measurement Period Ended</u>	<u>City's Proportion of the Net OPEB Liability</u>	<u>City's Proportionate Share of the Net OPEB Liability</u>	<u>City's Covered Payroll</u>	<u>City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2020	0.5248%	\$ 2,297,129	\$ 14,725,385	15.60%	7.74%
June 30, 2019	0.5408%	\$ 2,370,906	\$ 14,949,381	15.86%	7.75%
June 30, 2018	0.5583%	\$ 2,556,208	\$ 14,901,826	17.15%	7.53%
June 30, 2017	0.5665%	\$ 2,590,292	\$ 14,814,604	17.48%	7.91%
June 30, 2016	0.5857%	\$ 2,835,309	\$ 14,905,786	19.02%	5.21%

<b>Significant Actuarial Assumptions</b>					
<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2020	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015

*See accompanying notes to the required supplementary information*

**SCHEDULE 3**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of City OPEB Contributions**  
**For the Year Ended June 30, 2021**

<b>Cost-Sharing Multiple Employer Plan Information Only</b>					
<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2021	\$ 264,641	\$ (264,641)	\$ -	\$ 15,750,498	1.68%
June 30, 2020	\$ 243,529	\$ (243,529)	\$ -	\$ 14,725,385	1.65%
June 30, 2019	\$ 246,678	\$ (246,678)	\$ -	\$ 14,949,381	1.65%
June 30, 2018	\$ 246,958	\$ (246,958)	\$ -	\$ 14,901,826	1.66%
June 30, 2017	\$ 335,773	\$ (335,773)	\$ -	\$ 14,814,604	2.27%
June 30, 2016	\$ 340,316	\$ (340,316)	\$ -	\$ 14,905,786	2.28%

*See accompanying notes to the required supplementary information*

**SCHEDULE 4**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Changes in the City's Total OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2021**

<u>Single Employer Plan Information Only</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:				
Service cost	\$ 288,923	\$ 215,923	\$ 212,902	\$ 218,384
Interest	144,341	196,752	179,982	163,723
Changes of benefit terms	-	(15,639)	-	-
Differences between expected and actual experience	464,490	-	181,892	-
Changes of assumptions or other inputs	(1,474,185)	681,238	598,651	(105,076)
Benefit payments	(247,860)	(235,169)	(176,226)	(211,943)
Net change in total OPEB liability	(824,291)	843,105	997,201	65,088
Total OPEB Liability at beginning of year	<u>6,366,243</u>	<u>5,523,138</u>	<u>4,525,937</u>	<u>4,460,849</u>
Total OPEB Liability at end of year	<u>\$ 5,541,952</u>	<u>\$ 6,366,243</u>	<u>\$ 5,523,138</u>	<u>\$ 4,525,937</u>
Covered employee payroll	\$ 14,173,766	\$ 17,401,207	\$ 14,695,170	\$ 14,581,811
Total OPEB liability as a percentage of covered employee payroll	39.10%	36.59%	37.58%	31.04%
<u>Significant Actuarial Assumptions</u>				
Discount rate	2.16%	2.21%	3.50%	3.87%
Health cost trend rates:				
Initial	7% - 2020	8% - 2018	8% - 2018	8% - 2016
Ultimate	4.0% - 2075	3.9% - 2075	3.9% - 2075	5% - 2019
Mortality improvement scale	MP-2019	MP-2015	MP-2015	MP-2014

*See accompanying notes to the required supplementary information*

**SCHEDULE 5**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Changes in the City's Proportionate Share of the Net Pension Liability**  
**For the Year Ended June 30, 2021**

<u>Measurement Period Ended</u>	<u>City's Proportion of the Net Pension Liability</u>	<u>City's Proportionate Share of the Net Pension Liability</u>	<u>City's Covered Payroll</u>	<u>City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2020	0.5337%	\$ 34,134,104	\$ 14,725,385	231.80%	58.72%
June 30, 2019	0.5537%	\$ 26,644,193	\$ 14,949,381	178.23%	65.59%
June 30, 2018	0.5691%	\$ 27,405,596	\$ 14,901,826	183.91%	64.73%
June 30, 2017	0.5758%	\$ 28,318,165	\$ 14,814,604	191.15%	62.66%
June 30, 2016	0.5913%	\$ 31,444,314	\$ 14,905,786	210.95%	58.30%
June 30, 2015	0.5864%	\$ 23,228,768	\$ 14,750,588	157.48%	65.47%
June 30, 2014	0.5959%	\$ 22,367,371	\$ 14,461,687	154.67%	66.32%
June 30, 2013	0.5788%	\$ 24,911,429	\$ 13,904,404	179.16%	59.81%

**Significant Actuarial Assumptions**

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2020	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015
June 30, 2013 - 2015	3.00%	3.75-5.80%	7.75%	RP-2000	Scale AA

*See accompanying notes to the required supplementary information*

**SCHEDULE 6**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of City Pension Contributions**  
**For the Year Ended June 30, 2021**

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2021	\$ 2,544,394	\$ (2,544,394)	\$ -	\$ 15,750,498	16.15%
June 30, 2020	\$ 2,366,178	\$ (2,366,178)	\$ -	\$ 14,725,385	16.07%
June 30, 2019	\$ 2,407,701	\$ (2,407,701)	\$ -	\$ 14,949,381	16.11%
June 30, 2018	\$ 2,405,545	\$ (2,405,545)	\$ -	\$ 14,901,826	16.14%
June 30, 2017	\$ 2,109,432	\$ (2,109,432)	\$ -	\$ 14,814,604	14.24%
June 30, 2016	\$ 2,115,681	\$ (2,115,681)	\$ -	\$ 14,905,786	14.19%
June 30, 2015	\$ 1,967,282	\$ (1,967,282)	\$ -	\$ 14,750,588	13.34%
June 30, 2014	\$ 1,933,217	\$ (1,933,217)	\$ -	\$ 14,461,687	13.37%
June 30, 2013	\$ 1,439,273	\$ (1,439,273)	\$ -	\$ 13,904,404	10.35%

*See accompanying notes to the required supplementary information*



**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2021**

**NOTE 1—BUDGET TO ACTUAL RECONCILIATION**

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the City. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary revenues and other financing sources, and expenditures and other financing uses, were as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 36,449,953	\$ 33,357,535
Difference in property taxes meeting susceptible to accrual criteria	<u>(13,159)</u>	
Per Schedule 1	<u>\$ 36,436,794</u>	<u>\$ 33,357,535</u>

**NOTE 2—BUDGETARY FUND BALANCE**

The components of the budgetary fund balance for the General Fund at June 30, 2021 are as follows:

<i><b>Nonspendable:</b></i>	
Prepaid items	\$ 461,834
Tax deeded property	382,961
<i><b>Assigned for:</b></i>	
Continuing appropriations	1,144,920
<i><b>Unassigned:</b></i>	
Unassigned - General operations	<u>4,335,020</u>
	<u>\$ 6,324,735</u>

**NOTE 3—SCHEDULE OF CHANGES IN THE CITY’S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF CITY OPEB CONTRIBUTIONS**

In accordance with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the City is required to disclose historical information for each of the prior ten years within a schedule of changes in the City’s proportionate share of the net OPEB liability, and schedule of City OPEB contributions. The City implemented the provisions of GASB Statement #75 during the year ended June 30, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**For the Year Ended June 30, 2021**

**NOTE 4—SCHEDULE OF CHANGES IN THE CITY’S TOTAL OPEB LIABILITY AND RELATED RATIOS**

In accordance with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the City is required to disclose historical information for each of the prior ten years within a schedule of changes in the City’s total OPEB liability and related ratios. The City implemented the provisions of GASB Statement #75 during the year ended June 30, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**NOTE 5—SCHEDULE OF CHANGES IN THE CITY’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF CITY PENSION CONTRIBUTIONS**

In accordance with GASB Statement #68, *Accounting and Financial Reporting for Pensions*, the City is required to disclose historical information for each of the prior ten years within a schedule of changes in the City’s proportionate share of the net pension liability, and schedule of City pension contributions. The City implemented the provisions of GASB Statement #68 during the year ended June 30, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as the information becomes available.

**SCHEDULE I**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>DEPARTMENT OF AGRICULTURE</b>			
Pass Through Payments from the New Hampshire Department of Education			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	N/A	\$ 202,467
National School Lunch Program			
- School Lunch (Cash)	10.555	N/A	410,544
- Commodities (Non-cash)	10.555	N/A	40,736
			<u>451,280</u>
<i>Total Child Nutrition Cluster</i>			<u>653,747</u>
Child and Adult Care Food Program	10.558	N/A	21,320
Fresh Fruit and Vegetable Program	10.582	N/A	32,075
<b>Total Department of Agriculture</b>			<u>707,142</u>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Pass Through Payments from the New Hampshire Community Development Finance Authority			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	#21-053-FSPF	737
<b>Total Department of Housing and Urban Development</b>			<u>737</u>
<b>DEPARTMENT OF JUSTICE</b>			
Pass Through Payments from the New Hampshire Department of Justice			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	#2021DTF01	74,996
Direct Award Program			
Equitable Sharing Program	16.922		4,484
<b>Total Department of Justice</b>			<u>79,480</u>
<b>DEPARTMENT OF TRANSPORTATION</b>			
Pass Through Payments from the New Hampshire Department of Transportation			
Airport Improvement Program	20.106	#SBG-01-08-2020	26,117
<i>Highway Planning and Construction Cluster:</i>			
Highway Planning and Construction	20.205	#41367	20,801
<i>Total Highway Planning and Construction Cluster</i>			<u>20,801</u>
Pass Through Payments from the New Hampshire Highway Safety Agency			
<i>Highway Safety Cluster:</i>			
National Priority Safety Programs	20.616	#20-018	8,630
<i>Total Highway Safety Cluster</i>			<u>8,630</u>
<b>Total Department of Transportation</b>			<u>55,548</u>

*See notes to schedule of expenditures of federal awards*

**SCHEDULE I**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Expenditures of Federal Awards (Continued)**  
For the Year Ended June 30, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>DEPARTMENT OF THE TREASURY</b>			
Pass Through Payments from the State of New Hampshire Governor's Office			
COVID-19 Coronavirus Relief Fund			
- CARES - Election	21.019	N/A	14,315
- CARES - GOFFER	21.019	N/A	98,354
- CARES - 55 Grant	21.019	N/A	10,000
			<u>122,669</u>
<b>Total Department of the Treasury</b>			<u>122,669</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Pass Through Payments from the State of New Hampshire Department of Environmental Services			
<i>Clean Water State Revolving Fund Cluster:</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	#CS-330111-07	273,158
<b>Total Clean Water State Revolving Fund Cluster</b>			<u>273,158</u>
<b>Total Environmental Protection Agency</b>			<u>273,158</u>
<b>DEPARTMENT OF EDUCATION</b>			
Pass Through Payments from the New Hampshire Department of Education			
Title I Grants to Local Educational Agencies	84.010	#20210851	<u>770,530</u>
Pass Through Payments from the New Hampshire Department of Education			
<i>Special Education Cluster (IDEA):</i>			
Special Education - Grants to States	84.027	#92580	31,671
Special Education - Grants to States	84.027	#202541	23,123
Special Education - Grants to States	84.027	#20211074	283,466
			<u>338,260</u>
Pass Through Payments from the New Hampshire Department of Education			
Special Education - Preschool Grants	84.173	#92580	5,503
Special Education - Preschool Grants	84.173	#20211074	7,057
			<u>12,560</u>
<b>Total Special Education Cluster (IDEA)</b>			<u>350,820</u>
Pass Through Payments from the New Hampshire Department of Education			
Career and Technical Education - Basic Grants to States	84.048	#20203112	3,200
Career and Technical Education - Basic Grants to States	84.048	#20211084	51,501
Career and Technical Education - Basic Grants to States	84.048	#20211279	4,000
			<u>58,701</u>
Pass Through Payments from the New Hampshire Department of Education			
Twenty-First Century Community Learning Centers	84.287	#20210011	<u>229,353</u>
Pass Through Payments from the New Hampshire Department of Education			
Rural Education	84.358	#20200435	<u>22,800</u>

*See notes to schedule of expenditures of federal awards*

**SCHEDULE I**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Expenditures of Federal Awards (Continued)**  
For the Year Ended June 30, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>DEPARTMENT OF EDUCATION (CONTINUED)</b>			
Pass Through Payments from the New Hampshire Department of Education			
Supporting Effective Instruction State Grants	84.367	#20190298	15,387
Supporting Effective Instruction State Grants	84.367	#20200298	37,688
Supporting Effective Instruction State Grants	84.367	#20210796	122,815
			<u>175,890</u>
Pass Through Payments from the New Hampshire Department of Education			
Student Support and Academic Enrichment Program	84.424	#20204854	39,515
Pass Through Payments from the New Hampshire Department of Education			
COVID-19 Education Stabilization Fund (ESF)			
- Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	#20204841	506,582
- Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	#20211479	367,345
- American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	#20220354	5,848
			<u>879,775</u>
<b>Total Department of Education</b>			<u>2,527,384</u>
<b>NORTHERN BORDER REGIONAL COMMISSION</b>			
Direct Award Program			
Northern Border Regional Development	90.601		12,194
<b>Total Northern Border Regional Commission</b>			<u>12,194</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Pass Through Payments from the New Hampshire Department of Education			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	#202563	19,063
<b>Total Department of Health and Human Services</b>			<u>19,063</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Direct Award Program			
Assistance to Firefighters Grant	97.044		167,952
Pass Through Payments from the New Hampshire Department of Safety			
Homeland Security Grant Program			
- ILO Program	97.067	N/A	27,444
- Operation Stonegarden	97.067	N/A	9,302
			<u>36,746</u>
Direct Award Program			
Staffing for Adequate Fire and Emergency Response	97.083		200
<b>Total Department of Homeland Security</b>			<u>204,898</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 4,002,273</u>

*See notes to schedule of expenditures of federal awards*

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2021**

**NOTE 1—BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Berlin, New Hampshire (the City) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for federal programs accounted for in the governmental funds, and on the accrual basis of accounting for federal programs accounted for in the proprietary funds, which are described in Note 1 to the City's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3—INDIRECT COST RATE**

The City of Berlin, New Hampshire has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

To the Honorable Mayor, City Council and Manager  
City of Berlin, New Hampshire

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Berlin, New Hampshire, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Berlin, New Hampshire's basic financial statements, and have issued our report thereon dated November 2, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of Berlin Water Works, a discretely presented component unit of the City, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Berlin Water Works.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Berlin, New Hampshire's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Berlin, New Hampshire's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Berlin, New Hampshire's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item #2021-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item #2021-002 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Berlin, New Hampshire's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Berlin, New Hampshire's Response to Findings**

The City of Berlin, New Hampshire's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Berlin, New Hampshire's responses were not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Vachon Clukay & Company PC*

Manchester, New Hampshire  
November 2, 2022



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Honorable Mayor, City Council and Manager  
City of Berlin, New Hampshire

**Report on Compliance for Each Major Federal Program**

We have audited the City of Berlin, New Hampshire's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Berlin, New Hampshire's major federal programs for the year ended June 30, 2021. The City of Berlin, New Hampshire's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City of Berlin, New Hampshire's basic financial statements include the operations of the Berlin Water Works, a discretely presented component unit of the City. Berlin Water Works did not expend any federal awards during the year ended June 30, 2021, and as such, no amounts have been included in the City of Berlin, New Hampshire's schedule of expenditures of federal awards. Our audit, described below, did not include the operations of the Berlin Water Works which is a separate legal entity and has separately issued audited financial statements.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Berlin, New Hampshire's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Berlin, New Hampshire's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Berlin, New Hampshire's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Berlin, New Hampshire complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the City of Berlin, New Hampshire is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Berlin, New Hampshire's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Berlin, New Hampshire's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Vachon Clukay & Company PC*

Manchester, New Hampshire  
November 2, 2022

**City of Berlin, New Hampshire  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021**

**Section I—Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified – all reporting units

Internal control over financial reporting:

Material weakness(es) identified?   X   yes        no

Significant deficiency(ies) identified?   X   yes        no

Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?        yes   X   no

Significant deficiency(ies) identified?        yes   X   none reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

       yes   X   no

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?   X   yes        no

## **Section II—Financial Statement Findings**

There following findings relating to the financial statements are required to be reported by GAGAS.

### **Finding #2021-001 Cash Reconciliation Process**

**Criteria:** Accurate financial reporting, including timely reconciliations of cash accounts is necessary for management and those charged with governance to make informed decisions about day to day operations.

**Condition:** During our audit of the City’s 2021 financial records, it was noted that the cash reconciliation process was not being performed on a monthly basis. Reconciliations for several accounts were completed several months subsequent to the period of activity. Reconciliations provided to us for purposes of the audit were dated as late as May 2022 for monthly periods occurring during fiscal year 2021.

**Cause:** The cause of the condition is that cash reconciliations attributable to the City’s School District bank accounts are not being performed in a timely manner. Reconciliations for the entire fiscal year 2021 were performed subsequent to year end. Due to employee turnover in key positions, the reconciliation process was not being performed throughout the year.

**Effect:** Failure to reconcile the cash balances on a timely basis increases the risk that financial decisions will be made based on incomplete or inaccurate information. Additionally, failure to complete these reconciliations in a timely manner creates a systematic weakness in internal controls due to the reconciliations of cash being a critical step across multiple internal control systems.

**Recommendation:** We recommend that cash balances reported on monthly bank statements be reconciled to the balances reported within the general ledger on a monthly basis. Additionally, we recommend that this reconciliation process be completed in as timely a manner as possible upon receiving monthly bank statements from the City’s financial institutions. Finally, we recommend that any unknown or unidentified differences be investigated and resolved immediately in order to maintain an effective internal control system. Management should determine the appropriate employee(s) to be responsible for performing and completing the bank reconciliation process.

**Views of responsible officials:** In agreement with the finding and will comply with the recommendation as outlined above.

### **Finding #2021-002 School Payroll Approval**

**Criteria:** Effective internal controls over payroll, as related to financial reporting, include elements of review and approval by those individuals with ultimate authority over transactions, such as approval by City Council, School Board, Superintendent or Business Administrator.

**Condition:** While it was noted that rates of pay and time records are approved by appropriate levels of management and governance, we noted that gross payroll registers and payroll payment manifests were not approved by an individual at the management or governance level.

**Cause:** Design of policies and procedures.

***Effect:*** The lack of a formal review and approval process by an appropriate level of management or those charged with governance increases the risk that inappropriate or incorrect payroll transactions may be processed and remain undetected.

***Recommendations:*** We recommend that School payroll transactions be reviewed by an individual within the appropriate level of management, such as City Council, School Board, Superintendent, or Business Administrator, to ensure reasonableness and appropriateness of the information. Furthermore, we recommend that this review and approval process be documented to indicate the individual performing the control and the date it was performed.

***Views of responsible officials:*** In agreement with the finding and will comply with the recommendation as outlined above.

### **Section III—Federal Award Findings and Questioned Costs**

There were no findings and questioned costs required to be reported under 2 CFR 200.516(a).



**The City of Berlin  
Finance Department**

168 Main Street, Berlin, NH 03570

**Finding 2021-001**

**Corrective Action Plan:**

Do monthly bank reconciliations after BPS completes their reconciliations.

**Name of Responsible Person:**

**Finance Director Holly Larsen -with the ability to delegate whom actually performs the reconciliation in the Finance Dept.**

**Anticipated Implementation Date of Corrective Action:**

December 31, 2022

**Finding 2021-002**

**Corrective Action Plan: Have a document that outlines the electronic Payroll process with signature line to have the person performing said review initial and date for every payroll period.**

**Name of Responsible Person: Business Administrator -Marion Moore**

**Anticipated Implementation Date of Corrective Action: October 20, 2022**

Respectfully,

Holly Larsen  
Finance Director  
City of Berlin  
603-752-6350

**SCHEDULE A  
CITY OF BERLIN, NEW HAMPSHIRE  
Combining Balance Sheet  
Governmental Funds - All Nonmajor Funds  
June 30, 2021**

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Capital Projects <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 206,624	\$ 7,429		\$ 214,053
Investments		373,346		373,346
Due from other governments	1,362,872			1,362,872
Due from other funds	36,554		\$ 808,872	845,426
Prepaid items	20,469			20,469
Inventory	27,253			27,253
Total Assets	<u>1,653,772</u>	<u>380,775</u>	<u>808,872</u>	<u>2,843,419</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,653,772</u>	<u>\$ 380,775</u>	<u>\$ 808,872</u>	<u>\$ 2,843,419</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 75,884			\$ 75,884
Advances from grantors	133,520			133,520
Unearned revenue	11,223			11,223
Due to other funds	1,330,425	\$ 3,771		1,334,196
Total Liabilities	<u>1,551,052</u>	<u>3,771</u>	<u>\$ -</u>	<u>1,554,823</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	47,722	163,903		211,625
Restricted	134,157	213,101	808,872	1,156,130
Committed	14,032			14,032
Assigned	206,624			206,624
Unassigned (Deficit)	(299,815)			(299,815)
Total Fund Balances	<u>102,720</u>	<u>377,004</u>	<u>808,872</u>	<u>1,288,596</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,653,772</u>	<u>\$ 380,775</u>	<u>\$ 808,872</u>	<u>\$ 2,843,419</u>

**SCHEDULE A-1  
CITY OF BERLIN, NEW HAMPSHIRE  
Combining Balance Sheet  
Governmental Funds - All Nonmajor Special Revenue Funds  
June 30, 2021**

	Federal Projects Fund	Food Service Fund	Airport Authority Fund	Grants Fund	Recreation and Parks Programs Fund	Student Activity Fund	Combining Totals
<b>ASSETS</b>							
Cash and cash equivalents						\$ 206,624	\$ 206,624
Due from other governments	\$ 1,041,851	\$ 156,524	\$ 36,828	\$ 127,669			1,362,872
Due from other funds		22,402			\$ 14,152		36,554
Prepaid items			20,469				20,469
Inventory		27,253					27,253
Total Assets	<u>1,041,851</u>	<u>206,179</u>	<u>57,297</u>	<u>127,669</u>	<u>14,152</u>	<u>206,624</u>	<u>1,653,772</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,041,851</u>	<u>\$ 206,179</u>	<u>\$ 57,297</u>	<u>\$ 127,669</u>	<u>\$ 14,152</u>	<u>\$ 206,624</u>	<u>\$ 1,653,772</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 71,006	\$ 151	\$ 716	\$ 3,891	\$ 120		\$ 75,884
Advances from grantors	69,299			64,221			133,520
Unearned revenue		11,223					11,223
Due to other funds	894,340	52,683	335,927	47,475			1,330,425
Total Liabilities	<u>1,034,645</u>	<u>64,057</u>	<u>336,643</u>	<u>115,587</u>	<u>120</u>	<u>\$ -</u>	<u>1,551,052</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>							
Nonspendable		27,253	20,469				47,722
Restricted	7,206	114,869		12,082			134,157
Committed					14,032		14,032
Assigned						206,624	206,624
Unassigned (Deficit)			(299,815)				(299,815)
Total Fund Balances (Deficit)	<u>7,206</u>	<u>142,122</u>	<u>(279,346)</u>	<u>12,082</u>	<u>14,032</u>	<u>206,624</u>	<u>102,720</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,041,851</u>	<u>\$ 206,179</u>	<u>\$ 57,297</u>	<u>\$ 127,669</u>	<u>\$ 14,152</u>	<u>\$ 206,624</u>	<u>\$ 1,653,772</u>



**SCHEDULE B**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds - All Nonmajor Funds**  
**For the Year Ended June 30, 2021**

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Capital Projects <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:				
Intergovernmental	\$ 3,988,275			\$ 3,988,275
Charges for services	201,583			201,583
Interest income		\$ 3,091		3,091
Miscellaneous	<u>232,429</u>	<u>6,952</u>		<u>239,381</u>
Total Revenues	<u>4,422,287</u>	<u>10,043</u>	<u>\$ -</u>	<u>4,432,330</u>
Expenditures:				
Current operations:				
General government	15,856			15,856
Public safety	299,495		84,052	383,547
Airport/Aviation center	150,636			150,636
Highways and streets			249,733	249,733
Culture and recreation	64,520			64,520
Economic development	32,995			32,995
Education	2,974,204			2,974,204
Food service	629,905			629,905
Other student	103,202			103,202
Capital outlay	<u>26,813</u>			<u>26,813</u>
Total Expenditures	<u>4,297,626</u>	<u>-</u>	<u>333,785</u>	<u>4,631,411</u>
Excess of revenues over (under) expenditures	<u>124,661</u>	<u>10,043</u>	<u>(333,785)</u>	<u>(199,081)</u>
Other financing sources (uses):				
Bond issuance			1,100,000	1,100,000
Transfers out		<u>(3,771)</u>		<u>(3,771)</u>
Total Other financing sources (uses)	<u>-</u>	<u>(3,771)</u>	<u>1,100,000</u>	<u>1,096,229</u>
Net change in fund balances	124,661	6,272	766,215	897,148
Fund Balances (Deficit) at beginning of year	<u>(21,941)</u>	<u>370,732</u>	<u>42,657</u>	<u>391,448</u>
Fund Balances at end of year	<u>\$ 102,720</u>	<u>\$ 377,004</u>	<u>\$ 808,872</u>	<u>\$ 1,288,596</u>

**SCHEDULE B-1**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds - All Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2021**

	Federal Projects <u>Fund</u>	Food Service <u>Fund</u>	Airport Authority <u>Fund</u>	Grants <u>Fund</u>	Recreation and Parks Programs <u>Fund</u>	Student Activity <u>Fund</u>	Combining <u>Totals</u>
Revenues:							
Intergovernmental	\$ 2,905,871	\$ 678,994	\$ 26,853	\$ 376,557			\$ 3,988,275
Charges for services		17,589	165,987		\$ 18,007		201,583
Miscellaneous	73,829		23,207	25,471		\$ 109,922	232,429
Total Revenues	<u>2,979,700</u>	<u>696,583</u>	<u>216,047</u>	<u>402,028</u>	<u>18,007</u>	<u>109,922</u>	<u>4,422,287</u>
Expenditures:							
Current operations:							
General government				15,856			15,856
Public safety				299,495			299,495
Airport/Aviation center			150,636				150,636
Culture and recreation				53,163	11,357		64,520
Economic development				32,995			32,995
Education	2,974,204						2,974,204
Food service		629,905					629,905
Other student						103,202	103,202
Capital outlay			26,813				26,813
Total Expenditures	<u>2,974,204</u>	<u>629,905</u>	<u>177,449</u>	<u>401,509</u>	<u>11,357</u>	<u>103,202</u>	<u>4,297,626</u>
Net change in fund balances	5,496	66,678	38,598	519	6,650	6,720	124,661
Fund Balances (Deficit) at beginning of year	<u>1,710</u>	<u>75,444</u>	<u>(317,944)</u>	<u>11,563</u>	<u>7,382</u>	<u>199,904</u>	<u>(21,941)</u>
Fund Balances (Deficit) at end of year	<u>\$ 7,206</u>	<u>\$ 142,122</u>	<u>\$ (279,346)</u>	<u>\$ 12,082</u>	<u>\$ 14,032</u>	<u>\$ 206,624</u>	<u>\$ 102,720</u>

**SCHEDULE C**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Combining Statement of Net Position**  
**All Nonmajor Proprietary Funds**  
**June 30, 2021**

	Industrial Development and Park Authority <u>Fund</u>	Cates Hill Landfill <u>Fund</u>	Combining <u>Totals</u>
<b>ASSETS</b>			
Current Assets:			
Due from other governments		\$ 67,102	\$ 67,102
Due from other funds	\$ 1,277,300	286,742	1,564,042
Total Assets	<u>1,277,300</u>	<u>353,844</u>	<u>1,631,144</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Current portion of estimated liability for landfill postclosure care costs		13,600	13,600
Total Current Liabilities	<u>-</u>	<u>13,600</u>	<u>13,600</u>
Noncurrent Liabilities:			
Estimated liability for landfill postclosure care costs		176,800	176,800
Total Noncurrent Liabilities	<u>-</u>	<u>176,800</u>	<u>176,800</u>
Total Liabilities	<u>-</u>	<u>190,400</u>	<u>190,400</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Unrestricted	<u>1,277,300</u>	<u>163,444</u>	<u>1,440,744</u>
Total Net Position	<u>\$ 1,277,300</u>	<u>\$ 163,444</u>	<u>\$ 1,440,744</u>

**SCHEDULE D**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**All Nonmajor Proprietary Funds**  
**For the Year Ended June 30, 2021**

	Industrial Development and Park Authority <u>Fund</u>	Cates Hill Landfill <u>Fund</u>	Combining <u>Totals</u>
Operating revenues:			
Miscellaneous	\$ 628,797		\$ 628,797
Total Operating revenues	<u>628,797</u>	<u>\$ -</u>	<u>628,797</u>
Operating expenses:			
Contractual services	26,000		26,000
Repairs and maintenance	35,540	1,398	36,938
Administrative	3,933		3,933
Total Operating expenses	<u>65,473</u>	<u>1,398</u>	<u>66,871</u>
Operating income (loss)	<u>563,324</u>	<u>(1,398)</u>	<u>561,926</u>
Non-operating revenues (expenses):			
Interest income	<u>573</u>		<u>573</u>
Net non-operating revenues (expenses)	<u>573</u>	<u>-</u>	<u>573</u>
Change in net position	563,897	(1,398)	562,499
Net Position at beginning of year	<u>713,403</u>	<u>164,842</u>	<u>878,245</u>
Net Position at end of year	<u>\$ 1,277,300</u>	<u>\$ 163,444</u>	<u>\$ 1,440,744</u>

**SCHEDULE E**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Combining Statement of Cash Flows**  
**All Nonmajor Proprietary Funds**  
**For the Year Ended June 30, 2021**

	Industrial Development and Park Authority Fund	Cates Hill Landfill Fund	Combining Totals
Cash flows from operating activities:			
Cash paid to suppliers	\$ (65,713)	\$ (19,235)	\$ (84,948)
Other operating cash receipts	<u>9,732</u>	<u>9,732</u>	<u>9,732</u>
Net cash used cash used by operating activities	<u>(65,713)</u>	<u>(9,503)</u>	<u>(75,216)</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets	<u>645,000</u>	<u>-</u>	<u>645,000</u>
Net cash provided for capital and related financing activities	<u>645,000</u>	<u>-</u>	<u>645,000</u>
Cash flows from investing activities:			
Interest on investments	<u>573</u>	<u>-</u>	<u>573</u>
Net cash provided by investing activities	<u>573</u>	<u>-</u>	<u>573</u>
Net increase (decrease) in cash and cash equivalents	579,860	(9,503)	570,357
Cash and cash equivalents at beginning of year	<u>697,440</u>	<u>296,245</u>	<u>993,685</u>
Cash and cash equivalents at end of year	<u>\$ 1,277,300</u>	<u>\$ 286,742</u>	<u>\$ 1,564,042</u>
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	\$ 563,324	\$ (1,398)	\$ 561,926
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Gain on disposal of assets	(628,797)		(628,797)
Changes in assets and liabilities:			
Due from other governments		5,495	5,495
Accounts payable	(240)		(240)
Estimated liability for landfill postclosure care costs		<u>(13,600)</u>	<u>(13,600)</u>
Net cash used by operating activities	<u>\$ (65,713)</u>	<u>\$ (9,503)</u>	<u>\$ (75,216)</u>
Non-cash transactions affecting financial position:			
Net book value of disposed capital assets	<u>\$ 96,203</u>	<u>\$ -</u>	<u>\$ 96,203</u>